Annual Accounts

2010-11

For year ending 31st March 2011
(Unaudited)

Angus Council

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Contents

EXPLANATORY FOREWORD TO THE ACCOUNTING STATEMENTS

The Council is required by law to prepare a set of Accounting Statements (the Accounts) which set out its financial position at the end of each financial year. These Accounts are prepared by the Head of Finance on a draft basis for submission to the Controller of Audit so that they may scrutinise their accuracy and completeness. In preparing the draft Accounts the Council must comply with recognised accounting practice as it applies to local authorities. The Accounts represent the culmination of the year's financial transactions and are an essential means of demonstrating the proper stewardship of public funds as well as budget performance and financial control.

The Accounts of Angus Council have been prepared in accordance with the requirements of the Code of Practice on Local Authority Accounting in the United Kingdom 2010/11 (based on International Financial Reporting Standards).

The main purpose of this Foreword is to assist in the interpretation of the Accounting Statements, provide an explanation of the Council's financial position and comment on the major influences affecting the Council's income, expenditure, cash flow and overall financial resources.

A. Accounting Statements

The main objective of Accounting Statements is to provide information about the financial position, financial performance and cash flows of the Council (the "single entity") that is useful to a wide range of users in making and evaluating decisions about the allocation of resources. Information is also provided with regard to the "Group" position which takes into account the Council's financial interests in other bodies. This includes entities such as the Joint Boards.

The accounting statements comprise:-

a) Movement in Reserves Statement for the period (single entity and group position);

b) Comprehensive Income and Expenditure Statement for the period (single entity and group position);

c) Balance Sheet as at the end of the period (single entity and group position);

d) Cash Flow Statement for the period (single entity and group position); and

e) Notes, comprising a summary of significant accounting policies, analysis of significant figures within the Accounting Statements and other explanatory information.

The Group statements follow after the single entity statements and notes.

Movement on Reserves Statement
This statement shows the movement in the year on the different reserves held by the Council, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These movements are different from the statutory amounts required to be charged to the General Fund Balance and the Housing Revenue Account for council tax setting and dwellings rent setting purposes respectively. This is because a number of entries are required to comply with accounting best practice but not permitted to impact on the Council's actual financial position and associated funding requirements from taxpayers. The Net Increase / Decrease before the Transfers to Earmarked Reserves line shows the statutory General Fund Balance and Housing Revenue Account Balance before any discretionary transfers to or from earmarked reserves are undertaken by the council.

Comprehensive Income and Expenditure Statement
This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Local authorities raise funding through Council Tax and Housing Rents to cover expenditure in accordance with regulations and this may therefore be different from the accounting cost presented in the Comprehensive Income and Expenditure Statement. The taxation position is shown in the Movement in Reserves Statement.

Balance Sheet
The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council. The net assets (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories:-

- Usable reserves – those reserves that the Council may use as a funding source to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use e.g. the Capital Receipts Reserve may only be used to fund capital expenditure or repay debt; and

- Unusable reserves – those reserves that the Council is not able to use as a funding source to provide services. This category of reserves includes reserves that hold unrealised gains and losses e.g. the Revaluation Reserve (where amounts would only become available to provide services if the assets are sold) and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

Cash Flow Statement
The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the reporting period. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of taxation and grant income or from the recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital i.e. borrowing, to the Council.

Accounting Statement Notes
The notes to the statements first cover the single entity accounts with notes for the group accounts following the group statements. The notes:-

a) present information about the basis of preparation of the accounting statements and the specific accounting policies used;

b) disclose the information required by the Accounting Code of Practice that is not presented elsewhere in the financial statements; and

c) provide information that is not presented elsewhere in the accounting statements, but is relevant to an understanding of them.

B. Financial Performance

Outlined below is an overview of the financial performance of the Council in respect of both the General Fund services and Housing Revenue Account during the 2010/11 financial year.

General Fund - The General Fund covers those council services which are funded by Government Grants and local taxpayers. It can be seen from Note 6 that the General Fund balance at the end of the year was £17.458m with £0.241m of this earmarked for future use by Angus schools under the Devolved School Management (DSM) scheme. The opening balance on the General Fund at 1 April 2010 was £17.517m including £0.245m attributable to the DSM. The movement on the General Fund Balance was therefore a decrease of £0.059m. The budget set for 2010/11 after adjustment for budget carry forwards and other earmarked sums assumed a deficit of £7.466m. Accordingly the closing balance of £17.458m represents an overall favourable movement against budget of £7.407m arising as follows: -

Description	£m
Underspends on departmental budgets	6.662
Additional Council Tax income	0.290
Additional Surplus from Tayside Contracts	0.218
Miscellaneous Other	0.237
Total	**7.407**

Of the closing General Fund balance of £17.458m, £0.241m is attributable to DSM and £15.028 is committed or earmarked as follows:-

Description	£m
Working Balance/Contingency (per existing policy)	3.250
Earmarked monies (incl. earmarked grants)	3.762
50% budget carry-forward scheme	0.462
Proposed 100% carry forwards	1.833
Use of Balances per 2011/12 Budget Setting	4.698
Affordable Housing	1.023
Total	**15.028**

Allowing for DSM and these committed or earmarked sums leaves an uncommitted or un-earmarked balance of £2.189m and the future use of this sum will require to be considered as part of the ongoing delivery of the 2011/12 budget and the development of the budget strategy for 2012/13 and beyond.

Housing Revenue Account – The Housing Revenue Account deals with council house management transactions. The actual movement on the Housing Revenue Account for 2010/11 is an increase of £0.480 million which has resulted in a surplus balance of £1.957 million at 31 March 2011. The balance at 31 March 2011 therefore did not achieve their budgeted target of £1.975 million. This surplus has been achieved by increasing the CFCR funding element of the Housing Capital Programme and reducing borrowing, thus protecting the ability of the HRA to borrow in the future.

Whilst broadly on budget overall, there were individual variances from the budgeted position, with the main variances being: CFCR provision was increased by £638k; Bad debt provision was increased by £154k; Planned Maintenance under spent by £412k; supervision and management within Special Services under spent by £304k; there was a reduction in the Central Service Recharge of £116k; and other more minor net increased spends totalled £58k.

The Housing Revenue Balance at the year end was £1.957m, which was in excess of the £1.0m minimum policy level. The balance in excess of the minimum policy level will be taken into account in the ongoing commitment to achieve the Scottish Housing Quality Standard and also as part of the budget strategy for 2012/13 and beyond.

C. Material Assets / Liabilities

There are no material assets or liabilities to report on for financial year 10/11. Material in this context means items which by their omission could influence the economic decisions of users taken on the basis of the financial statements, having regard to the normal activities of the Council.

D. Pensions Liability

The pension accounting requirements of Financial Reporting Standards (FRS 17) and International Accounting Standards (IAS 19) have been applied to the accounting statements. Under these requirements, costs of services delivered by the council are restated to include an actuarially assessed cost of the increased liability falling upon the council in respect of employee pensions under the Local Government Pension Scheme. This is as opposed to the actual employer contributions paid during the year in accordance with the Scheme. Adjustments are made to ensure that the impact on council tax and housing rents from the FRS17 presentational requirements are neutral.

The FRS17 requirements also lead to the creation of a Pension Asset or Pension Liability offset by a Pension Reserve. At the 31 March 2011 there was a Pension Liability of £102.625m (as shown in the Balance Sheet – Note 24) with a corresponding negative Pension Reserve. This Pension Liability is the difference between the value at 31 March 2011 of the Scheme's assets (investments, etc) attributable to the council and the present value of the liabilities relating to pensions for council employees (past and present). Thus if the council were to have discharged its responsibilities at 31 March 2011 there would have been a shortfall of some £102.625m. The Pension Liability of £102.625m compares with £186.899m for the previous year – a favourable movement of £84.274m.

As noted above, these liabilities are expressed in present value terms rather than the cash amount that will eventually be paid out in order to allow for the "time value of money". This is undertaken by discounting these future cash amounts by use of a corporate bond rate. The corporate bond rate used for the valuation as at 31 March 2011 (1.9%) is higher than that used at 31 March 2010 (1.5%). Increases in future pensions have now also been assumed to be aligned with the Consumer Price index rather than the Retail Price index. Both of these factors have contributed to the significant reduction in the estimated current value of the pension liability.

It is also important to recognise that this snapshot scenario is not a provision within the Scheme. The Scheme is a long term operation and periodic actuarial assessment is made of the rate of contribution that the council as an employer has to pay to the Pension Fund to ensure that it meets its long term liability. The 2010/11 Local Government Finance Settlement and the council's budget process provided the resources required to meet the council's net service expenditure in 2010/11. It is anticipated that future settlements, aligned with the council's budget process, will provide sufficient resources to finance future liabilities. It is, therefore, considered appropriate to adopt a going concern basis for the preparation of the Accounting Statements.

The Government announcement to increase future pensions in line with the Consumer Price Index (CPI) rather than the Retail Price Index (RPI) has had implications on the pension liability and the decrease has been accounted for as a 'Past Service Gain' in the Comprehensive Income and Expenditure Account.

E. Exceptional Item

There are no Exceptional items to report on for financial year 2010/11.

F. Change in Accounting Policy

There are no changes to existing Accounting Policies for financial year 2010/11 but a number of new policies have been introduced as described below.

UK GAAP basis to IFRS basis

A major change in the annual accounts for 2010/11 is the requirement to prepare the accounts using International Financial Reporting Standards (IFRS) rather than the previously accepted UK Generally Accepted Accounting Practice (UKGAAP) basis. The Chancellor's 2007 Budget report made a commitment that public sector accounts would move from preparation on a UKGAAP basis to alternatively be prepared using International Financial Reporting Standards (IFRS). The Accounting Code of Practice on Local Authority Accounting in the United Kingdom 2010/11 has been updated to be IFRS compliant.

This has brought about major changes to the accounts particularly in the Accounting Policies, disclosure requirements and format of the Accounting Statements.

Accounting Policies - under IFRS the Council is required to provide more extensive explanation of the accounting policies that have been applied in preparing the annual accounts. Further, IFRS has necessitated the preparation of new or amended policies due to changes in treatment from UKGAAP e.g. employee benefits, leasing.

Disclosures – there are a number of new disclosure requirements under IFRS which the Council must comply with. The most significant of these is in relation to segment reporting. The Comprehensive Income and Expenditure Statement is presented on the basis of Best Value Accounting Code of Practice guidance which aims to ensure that annual accounts information is comparable between local authorities. IFRS will additionally now require the disclosure of the Comprehensive Income and Expenditure Statement on the basis of the Council's "segments" i.e. main business units / departments with the aim of making this of more use to local stakeholders.

Statements Format – the annual accounts now comprise four core statements: movement in reserves statement; comprehensive income and expenditure statement; balance sheet; and cash flow statement. Individual statements present both single entity and group information with the group statements following after the single entity statements and notes.

In the preparation of the accounting statements it has been necessary for comparative data for the preceding financial year to be re-stated.

G. Change in Statutory Functions

There were no changes to statutory functions for financial year 2010/11.

H. Future Development in Service Delivery

Capital - Capital expenditure commitments for the construction / enhancement / purchase of property, plant and equipment totalling some £29.490m (gross) exist as at 31 March 2011, £24.675m of which relates to the General Fund and £4.815m relates to Housing. On a net basis, some £19.771m of commitments exist in total at 31 March 2011, of which £16.161m relates to the General Fund and £3.610m relates to Housing. (Source: 2011/12 General Fund Provisional Capital Budget Volume and 2011/12 Housing Rent Setting Report – Appendix 1). Similar commitments at 31 March 2010 totalled £16.8m (gross).

The major commitments include: A935 Brechin to Montrose Road RAP (£1.120m); A92 Arbroath to Lower Northwater Bridge RAP (£2.638m); Montrose Swimming Pool Replacement (£7.848m); Kinloch Care Centre & Supported Housing (£7.627m); and Heating Installation / Replacement in Arbroath / Carnoustie housing stock (£1.150m).

I. Capital Borrowing / Fixed Assets

The council has several sources of borrowing to fund capital expenditure, the most significant of which is the Public Works Loan Board, a Government sponsored body set up with the primary purpose of lending to U.K. local authorities. Capital debt being carried by the Council amounted to some £158.509m at 31 March 2011, with £120.643m attributable to the General Fund, £27.478m to the Housing Revenue Account and £10.388m to external bodies. This debt was financed from external sources.

On the General Fund, borrowing increases overall indebtedness and consequently the level of principal repayments and loan interest to be paid increases each year. In the past, Housing Revenue Account capital expenditure was financed primarily from revenue contributions and from capital receipts arising mainly from the sale of council houses, therefore little or no borrowing was required to finance the capital expenditure. As a result of the ongoing reduction in the numbers of Council House sales, Housing Revenue Account capital expenditure funding now includes a more significant amount of borrowing and this trend has continued into 2010/11. Consequently the level of principal repayments and loan interest to be incurred by the Housing Revenue Account will increase for 2011/12 and beyond.

J. Funding of Capital Expenditure

The level of capital spend undertaken by local authorities is governed by the provisions of The Prudential Code whereby any borrowing is required to be prudent, sustainable and affordable.

Note 38 outlines the capital expenditure undertaken during 2010/11 by Angus Council and how this was funded. The gross capital expenditure of £29.919m consisted mainly of expenditure on improvements of housing stock, schools, building refurbishment / improvement and roads. The capital expenditure was funded through borrowing (18.4%), sale of assets (12.8%), contribution from revenue (43.6%), with the remainder (25.2%) being met from grants received/other income.

The receipts which are generated from the sale of surplus assets (e.g. land, buildings, equipment) are used to fund capital expenditure (both General Fund and Housing). Whilst the majority of receipts are generally applied to the capital programme in the year of receipt, unused receipts are held in reserve for use in future financial years. Capital receipts may also be ring-fenced towards specific projects subject to prior committee approval (for example, the proceeds from the sale of vehicles are retained by Neighbourhood Services to be utilised towards the purchase of new vehicles).

K. Provisions / Contingencies / Write Offs

There are no significant provisions or contingencies, material write-offs or significant changes to existing provision items to report on for financial year 2010/11.

L. Events after the Balance Sheet Date

There were no significant events after the Balance sheet date which would impact on the 2010/11 accounts.

M. Overall Summary of Financial Position & Outlook for the Future

Financial Management

The Council has a good track record of prudent and effective financial management and of taking difficult long term budget decisions when they need to be taken. This has been acknowledged by external inspection agencies. Financial year 2010/11 again saw Council departments adhering to their cash limited budgets and this was despite the difficulties created by rising prices and severe winter weather. The Council's budget monitoring arrangements during the year were effective at identifying over and under spends and this informed the 2011/12 budget setting process. The Council's performance in the collection of local taxes improved from an already strong position during 2010/11 and housing rent arrears continued to be managed downwards.

Reserves

The Council complies with the requirements of the CIPFA Guidance Note On Local Authority Reserves and Balances issued in November 2008 and reviews at least annually its reserves position and future needs. At 31 March 2011 the Council's overall useable reserves stood at £27.2m which is approximately 7% of gross expenditure across all activities. These reserves provide cover for future revenue and capital expenditure in both General Fund services and Housing and are considered to provide an adequate level of protection against unforeseen events. These reserves will also provide flexibility to help meet future spending needs and pressures. Taking into account the uncommitted balance and the set contingency some £5.5m of headroom exists within the General Fund Balance at 31 March 2011 which represents approximately 2% of the budgeted net expenditure on General fund services for 2010/11. The HRA balance of £1.957m represents approximately 9.6% of budgeted gross expenditure for 2010/11.

Debt

The Council has low debt compared to other local authorities in Scotland in both General Fund services and Housing and the proportion of our net revenue income which is taken up by debt charges is well below the Scottish average for both these areas of service. The Council has remained within its borrowing limits throughout 2010/11 and has complied with its treasury management strategy for the year.

Investments

At 31 March 2011 temporary investments of £48.939m existed, an increase of £13.129m on the previous year. This increase reflects the Council's need to increase borrowing to fund a peak in its capital programme over 2011/12 and 2012/13. The Council's external borrowing remained below its capital financing requirement throughout financial year 2010/11.

Economic Circumstances & Their Impact

Financial year 2010/11 has proven to be another challenging year for the Council with the economic recession impacting on revenue income and the Council's ability to generate capital receipts. The last year has also seen a significant rise in applications for housing and council tax benefits and large reductions in the income which can be generated from the short term investment of the Council's surplus cash. Collection of local taxes has held steady despite the recession but the Council has suffered a significant drop in income from planning and building warrant applications. Capital receipts for Housing achieved the budgeted level but these are still substantially less than pre-recession values. It has also proven more difficult to sell other surplus assets on the General Fund within the timescales and for the values which had originally been expected and this has required some adjustments being made to the Councils' financial plan to compensate.

Financial Outlook

The outlook is one of slow improvement in general terms in those areas of the Council's business which have been affected by the recession but it is unlikely that the post recession levels of income from Council house sales and planning and building warrant fees will be reached in the medium term. Realising the sums sought from sale of surplus assets is also expected to continue to be difficult and the Council will continue to feel the effects of the squeeze on disposable incomes for those services where fees and charges are levied, e.g. leisure facilities.

Notwithstanding the above the main concern for the Council and the services it provides is the expected significant reductions in government grant which will apply over the period of the next Spending Review (2012-13 to 2014-15). These funding issues present significant challenges for the Council but the likely level of funding reduction, the extent of future budget pressures and the resulting funding shortfalls have been assessed and identified as part of the Council's Medium Term Financial Strategy and plans are in hand to ensure that future budgets will be delivered in line with statutory requirements. A best estimate funding shortfall of £26m over the 4 year period 2012/13 to 2015/16 has been estimated.

The Council has a large scale programme of departmental and corporate efficiency reviews as well as service redesign work and shared services initiatives which are underway. These will help balance future budgets whilst protecting as far as practical service delivery. This forward planning and the Council's strong financial position will enable the Council to be as well positioned as it reasonably can be to meet the future financial challenges it will inevitably face.

Acknowledgement
This is the fifteenth set of Annual Accounts of Angus Council and indicates that the difficult financial targets which had been set in financial year 2010/11 have been achieved.

The key to the achievement of these targets has been the implementation of a robust budgetary control system which enabled a proactive virement strategy to be adopted. Accordingly, I would wish to record my thanks to all of the Council's staff for their essential contribution to helping ensure that the financial targets were delivered.

Finally, I would also like to record my sincere thanks to all of the staff and especially my own team who have helped to produce the Accounting Statements within the statutory timescales. This is a major challenge each year because of the complexities and timescale involved and the Accounts simply would not be available within the required timescales but for the wholehearted commitment and extra effort of these officers.

Ian Lorimer
Head of Finance
30 June 2011

Annual Governance Statement

Introduction

Angus Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for. The council also has a statutory duty of Best Value under the Local Government in Scotland Act 2003 to make arrangements to secure continuous improvement and performance, while maintaining an appropriate balance between quality and cost; and in making these arrangements and securing that balance, to have regard to economy, efficiency and effectiveness.

In discharging this overall responsibility, members and senior officers are responsible for putting in place proper arrangements for the governance of Angus Council's affairs and facilitating the exercise of its functions. This includes setting the strategic direction, vision, culture and values of the council, effective operation of corporate systems, processes and internal controls, engaging with communities, monitoring whether strategic objectives have been achieved and services delivered cost effectively and ensuring that appropriate arrangements are in place for the management of risk.

To this end, the council has approved and adopted a Code of Corporate Governance which is consistent with the principles and recommendations of the CIPFA/SOLACE framework Delivering Good Governance in Local Government and the supporting guidance notes for Scottish authorities. A copy of our Local Code of Corporate Governance is available on the Council's website at www.angus.gov.uk.

This annual governance statement explains how the council has complied with the terms of the local code for the year ended 31 March 2011. The statement also covers relevant governance issues as they affect those entities included as part of the Council's Group Accounts.

The Governance Framework

The Council's Local Code of Corporate Governance provides the framework against which compliance is measured. This Code sets out the key principles which require to be complied with to demonstrate effective governance.

The key elements of the council's governance arrangements as set out in the local code include:

- The council's vision is incorporated within the Community Plan, Single Outcome Agreement and Corporate Plan, all of which have been widely published and are available on the Council's website.

- Local Community Plans are being developed as a means of identifying and responding to local issues.

- The council seeks community views on a wide range of issues and undertakes regular consultation with citizens and service users.

- The council reports publicly on its performance and has a corporate public performance reporting framework which guides our performance reporting arrangements.

- The council responds to findings and recommendations of Audit Scotland, other statutory inspectorates and its own internal audit section.

- The council is committed to the efficient government programme and on an annual basis identifies efficiency savings achieved by implementing this initiative.

- The roles and responsibilities of elected members and officers are defined in our standing orders and scheme of delegation and in our financial regulations.

- The council's chief executive is responsible and accountable for all aspects of executive management.

- Our standing orders, scheme of delegation and financial regulations are subject to regular review and revised where appropriate.

- The roles of senior officers are defined in agreed job descriptions. Staff performance is reviewed on an annual basis in accordance with our personal appraisal and development scheme.

- The Head of Finance is responsible for ensuring appropriate advice is given to the council on all financial matters, keeping proper financial records of accounts and maintaining an effective system of internal financial control under the terms of the financial regulations.

- The Head of Law and Administration is responsible for ensuring that agreed procedures are followed and that all applicable statutes, regulations and statements of good practice are complied with.

- The scheme of councillors' salaries and expenses sets out the terms of councillors' remuneration. Details of all councillors' expenses are published on an annual basis.

- Our performance management arrangements enable progress against the council's priorities to be monitored.

- The council fosters relationships and partnerships with other public, private and voluntary organisations in delivering services that meet the needs of the local community.

- The council has a Single Outcome Agreement in place agreed with the Scottish Government and our community planning partners. Performance on this is reported through the Angus Community Planning Partnership and through the council's performance reporting mechanisms.

- The Scrutiny and Audit Sub Committee is integral to our performance management and monitoring arrangements.

- The council has a risk management strategy. The main priorities within this strategy are the identification, evaluation and control of risks which threaten the council's ability to deliver services to the public. Departments have business continuity plans which set out the arrangements with which the council aims to continue to deliver critical services in the event of an emergency.

- Elected members have personal development plans which are periodically supplemented by additional training for members. Members on the Licensing Committee and Development Control have also received specific training related to the responsibilities on these committees.

- Codes of conduct are in place for, and define the standards of behaviour expected from, elected members and officers.

- A range of systems and procedures are in place to ensure that elected members and employees are not influenced by prejudice or conflicts of interest in dealing with our citizens. A register of members' interests is maintained and is available for inspection by members of the public.

- A whistleblowing policy provides for the direct reporting of problems to senior managers without fear of recrimination.

- Our local code of corporate governance is also applicable in general terms to elected members and officers on external bodies.

The Council's governance framework has been in place for the year ended 31 March 2011 and up to the date of approval of the Council's Accounting Statements.

The Council's financial management arrangements do not fully comply with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010) because the Head of Finance as Chief Financial Officer for the Council does not report directly to the Chief Executive. The Council's arrangements do however achieve the same impact and with the exception of management reporting lines comply in all material respects with the CIPFA Statement on the Role of the Chief Financial Officer. The Head of Finance is a member of the Chief Officer's Management Team, is the Council's most senior adviser on all financial matters, is fully involved in the development of all strategic and financial policy matters and has direct access to the Chief Executive and all elected members. The Head of Finance is able to fulfil all the requirements of the Chief Financial Officer's role through the arrangements which exist.

System of Internal Financial Control & Review of Effectiveness

Within the Council's overall governance framework specific arrangements are in place as part of the system of internal financial control. This system is intended to ensure that reasonable assurance can be given that assets are safeguarded, transactions are authorised and properly recorded and material errors or irregularities are either prevented or would be detected within a timely period.

The Council's system of internal financial control is based on a framework of financial regulations, regular management information, administrative procedures (including segregation of duties), management supervision and a system of delegation and accountability. Development and maintenance of the system is undertaken by managers within the Council. In particular, the system includes:-

- financial regulations and codes of financial practice
- comprehensive budgeting systems
- regular reviews of periodic and annual financial reports which indicate financial performance against the forecast
- setting targets to measure financial and other performance
- the preparation of regular financial reports which indicate actual expenditure against the forecasts
- clearly defined capital expenditure guidelines; and
- as appropriate, formal project management disciplines

In terms of Internal Audit provision Angus Council operates an internal audit service which is situated in the Finance division of the Corporate Services department. The service operates in accordance with the Chartered Institute of Public Finance and Accountancy's Code of Practice for Internal Audit in Local Government in the United Kingdom (2006). The service undertakes an annual programme of work approved by the Scrutiny & Audit sub-committee based on a formal risk assessment process which is updated on an ongoing basis to reflect evolving risks and changes within the Council.

The Chief Internal Auditor (CIA) reports on an administrative line management basis to the Head of Finance who is a member of the Corporate Management Team; she has open access to Members and the Chief Executive and reports on a functional basis to the Scrutiny & Audit Sub-Committee. The CIA reports in her own name and retains final edit rights over all audit reports and she provides an annual Internal Financial Control assurance statement in support of the Head of Finance's statutory responsibilities for the proper administration of the Council's financial affairs.

In relation to the Systems of Financial Control of the Council's associated companies reliance is placed on the Governance Statements prepared by the officers responsible for the proper administration of the financial affairs of those associated companies.

Based on the work of managers, assurance statements received from Departmental Directors, the work of both internal and external audit and the Governance Statements provided by the proper officers of the Council's associated companies the Head of Finance has concluded that Angus Council has in place an adequate and effective system of internal financial controls for the Council itself, the Common Good Fund and associated companies. The review for 2010/11 also confirms that the Head of Finance is satisfied that mechanisms are in place which would identify, and address, any material areas of weaknesses on a timeous basis.

Review of Framework

The council conducts an annual review of the effectiveness of its overall governance framework.

This review is informed by the work of an officer working group on corporate governance. This group has responsibility for monitoring compliance with the local code and making recommendations for additions and/or improvements to the code to reflect any changes in the way the council does business and any new legislation affecting the council's governance arrangements.

The group undertakes an annual self assessment against the local code of corporate governance. That self assessment is in turn informed by assurances from directors who have responsibility for the development and maintenance of the governance environment within their department and who in turn identify actions to improve governance at a departmental level, the chief internal auditor's annual review of corporate governance and by comments made by external auditors and other scrutiny bodies and

inspectorates. For 2010/11 the group has also undertaken a self assessment of the additional governance requirements associated with the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010).

The conclusion from the review activity outlined above is that in 2010/11 the council continued to demonstrate that the governance arrangements and framework within which the council operates are sound and operating effectively.

The review has however identified a number of areas where further improvement in our governance arrangements can be made to ensure full compliance with our local code:

- Provide training on our risk management strategy.
- Review service improvement plan guidance with a view to incorporating risk.
- Consider a corporate approach to annual compliance reminder to staff.
- Provide corporate governance training.
- Finalisation of the information technology strategy and governance framework.
- Agreement of the currently draft information governance policy and delivery of associated action plan.
- Testing and validation of business continuity plans.

These actions to enhance our governance arrangements in 2011/12 will be incorporated within the council's corporate improvement plan.

Certification

It is our opinion that reasonable assurance can be placed upon the adequacy and effectiveness of Angus Council's systems of governance. Although areas for further improvement have been identified the annual review demonstrates sufficient evidence that the Council's Code of Corporate Governance is operated effectively and that the Council complies with that code in all significant respects.

		Bob Myles
Richard Stiff		Councillor Bob Myles
Chief Executive		Leader of the Council
June 2011		June 2011

Angus Council Remuneration Report 2010/11

Background

The Local Authority Accounts (Scotland) Amendment Regulations 2011 (“The 2011 Regulations”) require local authorities to prepare a Remuneration Report as part of the annual statutory accounts.

In accordance with this requirement this report sets out:-

- The remuneration policy context for senior councillors and senior employees and the Council’s role in determining these;
- The number of employees whose remuneration was in excess of £50,000 per annum;
- The remuneration and pension rights of senior councillors;
- The remuneration and pension rights of senior employees.

Senior Councillors Remuneration Policy Context

The remuneration of councillors is regulated by the Local Governance (Scotland) Act 2004 (Remuneration) Regulations 2007 (“The 2007 Regulations”) and subsequent amendments to these. The Regulations provide for the grading of councillors for the purposes of remuneration arrangements, as the Leader of the Council, the Provost (the Civic Head), Senior Councillors or Councillors.

It should be noted that reference to “Senior Councillors” (upper case) within The 2007 Regulations is narrower than the use made of this term in The 2011 Regulations and thus for the purposes of this Remuneration Report. Reference to senior councillors (lower case) within this report (other than where reference is being made to The 2007 Regulations) also includes other senior posts such as the Leader, Provost, etc. A senior councillor within this Remuneration Report is therefore a councillor who holds a significant position of responsibility in the Council’s political management structure.

When determining the level of remuneration for councillors the Scottish Ministers consider the recommendations of the Scottish Local Authority Remuneration Committee (SLARC). SLARC is an advisory Non-Departmental Public Body set up in 2005 to advise Scottish Ministers on the remuneration, allowances and expenses incurred by local authority councillors.

The salary that is to be paid to the Leader of the Council is set out in the Regulations. For 2010-11 the salary for the Leader of Angus Council is £32,470. The Regulations permit the council to remunerate one Civic Head. The regulations set out the maximum salary that may be paid to that Civic Head. Angus Council’s Civic Head (the Provost) is paid at 75% of the Leader of the Council’s salary (£24,353). The Leader of the Council and the Provost cannot be the same person for the purposes of payment of remuneration.

The 2007 Regulations also set out the salary that may be paid to Senior Councillors and the total number of Senior Councillors the Council may have. The maximum salary that may be paid to a Senior Councillor is 75% of the total salary of the Leader of the Council. The total of salaries that the Council may pay all of its Senior Councillors shall not exceed £263,822 and 13 in number. The Council is able to exercise local flexibility in the determination of the precise number of Senior Councillors and their salary within these maximum limits. The Council policy is for the Conveners of the six “major” committees and the Leader of the Opposition to have salaries of £22,379. The Vice Conveners of the six “major” committees have salaries of £17,860.

In addition to the Senior Councillors of the Council, The 2007 Regulations also set out the remuneration payable to councillors with the responsibility of a Convenor or a Vice-Convenor of a Joint Board such as a Police Joint Board. The 2007 Regulations require the remuneration to be paid by the Council of which the convenor or vice-convenor (as the case may be) is a member. The Council is also required to pay any pension contributions arising from the convenor or vice-convenor being a member of the Local Government Pension Scheme. The Council can seek to be reimbursed by the Joint Board for any additional remuneration paid to the member from being a Convenor or Vice-Convenor of a Joint Board beyond that which they would receive from their role as a Senior Councillor or Councillor with their own local authority.

Angus Council’s remuneration scheme for councillors (which encompasses the salaries of all elected members including the Leader, Civic Head and Senior Councillors) was agreed at a meeting of the full Council on 22 May 2007, the minute of which is available under agenda item 8 at:-

http://www.angus.gov.uk/ccmeetings/minutes2007/anguscouncil/22-05-07.pdf

It should be noted that the salary levels quoted in the May 2007 report have since been subject to inflationary increases where approved by Scottish Ministers.

In 2010-11 out of Angus Council's 29 total councillors, 16 were senior councillors in accordance with The 2011 Regulations and for the purposes of preparing this Remuneration Report. The remuneration paid to these councillors is detailed in Appendix 1. The Regulations also permit the Council to pay contributions as required to the Local Government Pension Scheme in respect of those councillors who elect to become participants in the pension scheme.

In accordance with The 2007 Regulations an annual report is submitted to a meeting of the full Council detailing the remuneration and expenses of all councillors. It is highlighted that a number of the expenses disclosed in that report are excluded from this Remuneration Report in accordance with the requirements of The 2011 Regulations.

Senior Employees Remuneration Policy Context

In accordance with The 2011 Regulations, the senior employees included in the table at Appendix 2 include any local authority employee:-

- Who has responsibility for management of the local authority to the extent that the person has power to direct or control the major activities of the authority (including activities involving the expenditure of money), during the year to which the Remuneration Report relates, whether solely or collectively with other persons;
- Who holds a post that is politically restricted by reason of section 2(1) (a), (b) or (c) of the Local Government and Housing Act 1989; or
- Whose annual remuneration, including any remuneration from a local authority subsidiary body, is £150,000 or more.

The salaries of senior employees are set by the Council's Strategic Policy Committee with reference to the agreements of the Scottish Joint Negotiating Committee for Chief Officials. The current membership of the Council's Strategic Policy Committee is available at:-

http://www.angus.gov.uk/ccmeetings/membership/strategicpolicy.htm

Senior employees may also have a contractual right of access to the Council's car lease scheme and where they are participating this is included within "non-cash expenses" together with any other benefits in kind.

The remuneration information detailed in Appendix 2 is, as required by The 2011 Regulations, related to the total received by an individual while they are an incumbent of a senior employee post. Employees commencing or leaving employment during the course of the year and changes in expenses can therefore create distortions in the comparative figures between years. In light of this and for the purpose of clarity, detailed below are the salaries for 2009/10 and 2010/11 of the posts which are classed as senior employees of the Council.

Table 1

Post	2010/11 Salary £	2009/10 Salary £	Movement £
Chief Executive *	121,680	121,680	-
Director of Corporate Services	102,933	100,422	2,511
Director of Education	102,933	100,422	2,511
Director of Infrastructure Services	102,933	100,422	2,511
Director of Neighbourhood Services	102,933	100,422	2,511
Director of Social Work & Health **	108,087	105,450	2,637
Assistant Chief Executive	90,918	88,701	2,217
Head of Finance	87,474	85,341	2,133
Head of Law & Administration	90,918	88,701	2,217
Total	910,809	891,561	19,248

* excludes any pay in relation to Returning Officer duties
** also the depute Chief Executive

General Disclosure Of Employees By Remuneration Band

Appendix 3 shows the number of Council employees who received remuneration in excess of £50,000 per annum in 2009/10 and 2010/11 which will include pay and, if applicable, any taxable expenses and non-cash benefits.

Pension Benefits Policy Context
Pension benefits for councillors and local government employees are provided through the Local Government Pension Scheme (LGPS).

Councillors' pension benefits are based on career average pay. The councillor's pay for each year or part year ending 31 March (other than the pay in the final year commencing 1 April) is adjusted by the change in the cost of living, as measured by the appropriate index (or indices) between the end of that year and the last day of the month in which their membership of the scheme ends. The total of the revalued pay is then divided by the period of membership to calculate the career average pay. This is the value used to calculate the pension benefits.

For local government employees this is a final salary pension scheme. This means that pension benefits are based on the final year's pay and the number of years that person has been a member of the scheme.

The scheme's normal retirement age for both councillors and employees is 65. With effect from 1 April 2009 a five tier contribution system was introduced for scheme participants. A participant's total contributions are based upon on how much of their pay falls into each tier and the rate applicable for that tier. The overall percentage paid by the employee is made up of an average of how much of their pay falls into the different bands. The tiers and scheme participant's contribution rates for 2010-11 remain at the 2009-10 rates, (due to a negative increase in the cost of living index for 2010-11) and are as follows:-

Table 2

	Contribution Rate Payable By Councillors / Employees	
Full Time Equivalent Pay	2010/11	2009/10
Up to £18,000	5.50%	5.50%
Over £18,000 and up to £22,000	7.25%	7.25%
Over £22,000 and up to £30,000	8.50%	8.50%
Over £30,000 and up to £40,000	9.50%	9.50%
Over £40,000	12.00%	12.00%

There is no automatic entitlement to a lump sum for benefits earned from 1 April 2009 onwards. Pension scheme members may opt to give up (commute) pension for lump sum up to the limit set by the Finance Act 2004. The accrual rate guarantees a pension based on 1/60th of final pensionable salary and years of pensionable service (prior to 2009 the accrual rate guaranteed a pension based on 1/80th and a lump sum based on 3/80ths of final pensionable salary and years of pensionable service). Pension scheme members' pension entitlement can therefore include benefits calculated on both a pre and post 1 April 2009 basis. Further information on the LGPS can be found at:-

http://www.sppa.gov.uk/index.php?option=com_content&view=article&id=428&Itemid=7

The pension benefits in respect of those senior councillors who take part in the LGPS are detailed in Appendix 4 while those in respect of senior employees are detailed in Appendix 5.

The value of the accrued benefits has been calculated on the basis of the age at which the person will first become entitled to receive a full pension on retirement without reduction on account of its payment at that age; without exercising any option to commute pension entitlement into a lump sum (in respect of post 1 April 2009 accrued benefits only); and without any adjustment for the effects of future inflation.

The pension figures shown relate to the benefits that the person has accrued as a consequence of their total local government service with Angus Council (and its predecessors) or has transferred into the Fund from another employer. It is highlighted, however, that the pension benefits arising from any additional voluntary contributions undertaken by the individual are excluded from the figures shown in the Appendices in accordance with The 2011 Regulations.

Audit Review
All information disclosed within the tables in the Appendices in this Remuneration Report is audited by the Council's appointed External Auditors. The other sections of the Remuneration Report are reviewed by the External Auditors to ensure that they are consistent with the financial statements.

Appendix 1

Remuneration Of Senior Councillors
The following table provides details of the remuneration paid to Angus Council's senior councillors.

Responsibility	Councillor	Note	2010/11 Salary, fees & allowances £	2010/11 Taxable Expenses £	2010/11 Non-cash expenses £	2010/11 Total Remuneration £	2009/10 Total Remuneration £
Convener, Social Work & Health	A Andrews		22,379	-	-	22,379	22,379
Vice-C, Neighbourhood Services	C Brown		17,860	-	-	17,860	17,860
Vice-C, Infrastructure Services	D Fairweather		17,860	-	-	17,860	17,860
Provost	R Leslie Melville	1	26,149	-	-	26,149	25,920
Convener, Development Standards	D Lumgair		22,379	-	-	22,379	22,379
Depute Leader	I Mackintosh	2	24,353	-	-	24,353	24,353
Convener, Infrastructure Services	D May	1	22,526	-	-	22,526	22,526
Convener, Neighbourhood Services	J Millar		22,379	-	-	22,379	22,379
Depute Provost	P Murphy	1	18,006	-	-	18,006	17,964
Leader	R Myles		32,470	66	-	32,536	32,646
Convener, Education	P Nield	1	22,604	-	-	22,604	22,590
Opposition Leader	H Oswald	1	22,767	-	-	22,767	22,722
Vice-C, Development Standards	J Rymer	1	17,957	-	-	17,957	17,957
Convener, Corporate Services	M Salmond	1	22,610	-	-	22,610	22,610
Vice-C, Education	M Thomson		17,860	-	-	17,860	17,860
Vice-C, Corporate Services	J Whyte		17,860	-	-	17,860	17,860
Total			348,019	66	-	348,085	347,865

1 The 2010/11 salary, fees and allowances total for these senior councillors include allowances in relation to civic head duties (Provost and Depute Provost only) and telephone provision as applicable
2 £8,119 of this remuneration relates to the councillor's responsibility as Convener of Tayside Joint Police Board

Appendix 2

Remuneration Of Senior Employees

The following table provides details of the remuneration paid to Angus Council's senior employees. It is highlighted that the senior employees included within the table are only those who were in post during 2010/11. The comparator figures for 2009/10 therefore exclude senior employees who were not employed by the Council after 31 March 2010. As a result of this the overall remuneration totals for each year are thus not comparable on a like for like basis. Table 1 within the Remuneration Report provides salary information on a post basis rather than post incumbent basis and thus gives comparable totals between years on a like for like basis.

Post	Employee	Note	2010/11				2009/10
			Salary, fees & allowances £	Taxable Expenses £	Non-cash expenses (Note 5) £	Total Remuneration £	Total Remuneration (Note 6) £
Director of Neighbourhood Services	R Ashton		102,933	-	3,176	106,109	103,408
Head of Law & Administration	S Hunter		90,918	-	-	90,918	89,294
Director of Education	N Logue	1	64,471	-	3,006	67,477	-
Head of Finance	I Lorimer		87,474	-	-	87,474	85,341
Director of Infrastructure Services	E Lowson		102,933	-	886	103,819	101,184
Director of Corporate Services	C McMahon		102,933	-	3,822	106,755	104,021
Director of Social Work & Health	R Peat		108,087	-	-	108,087	105,450
Assistant Chief Executive	H Robertson		90,918	-	2,847	93,765	91,687
Chief Executive	D Sawers	2	116,523	-	5,967	122,490	131,162
Director of Education	R Seitz	3	71,948	-	-	71,948	39,611
Chief Executive	R Stiff	4	10,502	-	-	10,502	-
Total			949,640	-	19,704	969,344	851,158

1 Commenced in post on 16 August 2010. Full year equivalent total of salary, fees & allowances is £102,933

2 Left post on 9 March 2011. This includes £2,039 in relation to elections Returning Officer duties for which the Council is reimbursed. 2010/11 full year equivalent total of salary, fees & allowances is £123,719 (incl. Returning Officer duties)

3 Commenced in post on 9 November 2009 and left post on 23 August 2010. 2010/11 full year equivalent total of salary, fees & allowances is £102,933

4 Commenced in post on 28 February 2011. 2010/11 full year equivalent total of salary, fees & allowances is £121,680

5 These expenses relate mainly to the benefit in kind arising through access to a leased car for those officers participating in the Council's leased car scheme

6 The Director of Education in post at the commencement of 2009/10 retired on 31 August 2009 and the new Director commenced on 9 November 2009. The table includes remuneration information for only those individuals who were senior employees during 2010/11. No remuneration is thus reflected for the post of Director of Education for the period 1 April 2009 to 6 November 2009 and the total for 2009/10 is thus understated on a comparative basis to 2010/11.

Appendix 3

General Disclosure Of Employees By Remuneration Band

The following table details the number of employees whose remuneration was in excess of £50,000 per annum. The employee figures include local government employees (LGE), those remunerated under the Scottish Negotiating Committee for Teachers (SNCT) and chief officials (CO) (based upon the post the employee occupied at 31 March). The figures therefore include those senior employees on which additional remuneration information is provided in Appendix 2. The number of employees remunerated in excess of £100,000 in 2010/11 is not directly comparable to 2009/10 because the 2009/10 figures reflect only a part year salary (less than £100,000) for the former Director of Education. In addition the 2010/11 figures include one-off pay in lieu of notice costs relating to the former Head of Environmental Management, the salary for which is less than £100,000.

	2010/11 Number Of Employees				2009/10 Number Of Employees			
Remuneration Band	LGE	SNCT	CO	Total	LGE	SNCT	CO	Total
£50,000 - £54,999	4	25	-	29	9	24	1	34
£55,000 - £59,999	1	10	1	12	-	3	1	4
£60,000 - £64,999	-	2	5	7	-	2	4	6
£65,000 - £69,999	-	3	2	5	-	2	5	7
£70,000 - £74,999	-	3	6	9	-	4	3	7
£75,000 - £79,999	-	1	5	6	-	-	4	4
£80,000 - £84,999	-	-	4	4	-	-	4	4
£85,000 - £89,999	-	-	3	3	-	-	6	6
£90,000 - £94,999	-	-	3	3	-	-	1	1
£95,000 - £99,999	-	-	-	-	-	-	-	-
£100,000 - £104,999	-	-	2	2	-	-	3	3
£105,000 - £109,999	-	-	4	4	-	-	1	1
£110,000 - £114,999	-	-	-	-	-	-	-	-
£115,000 - £119,999	-	-	-	-	-	-	-	-
£120,000 - £124,999	-	-	-	-	-	-	-	-
£125,000 - £129,999	-	-	1	1	-	-	-	-
£130,000 - £134,999	-	-	-	-	-	-	1	1
Total	5	44	36	85	9	35	34	* 78

* note that this figure is at variance from that included within Note 12 of the 2009/10 accounting statements (page 77) as a result of the new definition of “remuneration” provided in the Local Authority Accounts (Scotland) Amendment Regulations 2011.

Appendix 4

Pension Benefits – Senior Councillors

Nine of the 16 senior councillors participate in the pension scheme. The pension entitlements for these senior councillors for the year to 31 March 2011 are shown in the table below, together with the contribution made by the Council to each senior councillor's pension during the year. All senior councillors shown in the table are members of the Tayside Pension Fund and the pension figures shown relate to the benefits that the individual has accrued as consequence of their total local government service with Angus Council.

		In year pension contributions paid by the Council to the Pension Fund		Accrued Pension Benefits			
				As at 31/3/11		Movement from 31/3/10	
Responsibility	Councillor	Year to 31/3/11 £	Year to 31/3/10 £	Pension £ 000	Lump Sum £ 000	Pension £ 000	Lump Sum £ 000
Vice-C, Infrastructure Services	D Fairweather	3,304	3,304	1	1	-	-
Depute Leader	I Mackintosh	4,505	4,505	1	2	-	-
Convener, Infrastructure Services	D May	4,140	4,140	1	2	-	-
Leader	R Myles	6,007	6,007	2	2	1	-
Convener, Education	P Nield	4,140	4,140	1	2	-	-
Opposition Leader	H Oswald	4,140	4,140	1	1	-	-
Vice-C, Development Standards	J Rymer	3,304	3,304	1	1	-	-
Vice-C, Education	M Thomson	3,304	3,304	1	1	-	-
Vice-C, Corporate Services	J Whyte	3,304	3,304	1	1	-	-
Total		36,148	36,148	10	13	1	-

Appendix 5

Pension Benefits – Senior Employees

The pension entitlements of senior employees for the year to 31 March 2011 are shown in the table below, together with the contribution made by the Council to each senior employee's pension during the year. It is highlighted that the pension contributions relate to only those made when an individual has been an incumbent of a senior employee post (see Appendix 2 notes for commencement dates). All senior employees shown in the table are members of the Tayside Pension Fund and the accrued pension benefit figures shown are those that the individual has accrued as consequence of their total local government service, in whichever post(s), with Angus Council (and its predecessors) or has transferred into the Fund from another employer.

		In year pension contributions paid by the Council to the Pension Fund		Accrued Pension Benefits			
				As at 31/3/11		Movement from 31/3/10	
Post	Employee	Year to 31/3/11 £	Year to 31/3/10 £	Pension £ 000	Lump Sum £ 000	Pension £ 000	Lump Sum £ 000
Director of Neighbourhood Services	R Ashton	19,043	18,578	46	128	3	3
Head of Law & Administration	S Hunter	16,820	16,410	27	71	2	2
Director of Education *	N Logue	11,927	-	48	135	12	30
Head of Finance	I Lorimer	16,183	15,788	24	65	2	2
Director of Infrastructure Services	E Lowson	19,043	18,578	43	119	3	3
Director of Corporate Services	C McMahon	19,043	18,578	47	131	3	3
Director of Social Work & Health	R Peat	19,996	19,508	35	94	3	2
Assistant Chief Executive	H Robertson	16,820	16,410	38	104	2	3
Chief Executive	D Sawers	22,209	23,605	60	168	2	-
Director of Education	R Seitz	7,524	7,328	49	-	1	-
Chief Executive **	R Stiff	1,943	-	-	-	-	-
Total		170,551	154,783	417	1,015	33	48

* The appointment of N Logue to the post of Director of Education during 2010/11, and the associated increase in salary, is the reason for the movement in accrued pension benefits during the period from 31 March 2010 given that it reflects his total local government service with Angus Council and its predecessors

** Note that, at 31 March 2011, R Stiff had not transferred accrued pension benefits from his previous employer into the Tayside Pension Fund

THE STATEMENT OF REPONSIBILITIES

The Council's Responsibilities

The council is required:

1. To make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority that officer is the Head of Finance.

2. To manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.

The Head of Finance's Responsibilities

The Head of Finance is responsible for the preparation of the authority's statement of accounts which, in terms of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom ('the Code of Practice'), is required to present a true and fair view of the financial position of the authority at the accounting date and its income and expenditure for the year ended 31 March 2011.

In preparing the statement of accounts, the Head of Finance has:

1. selected suitable accounting policies and then applied them consistently

2. made adjustments and estimates that were reasonable and prudent

3. complied with the Code of Practice

The Head of Finance has also:

1. kept proper accounting records which were up to date

2. taken reasonable steps for the prevention and detection of fraud and other irregularities.

3. reviewed the Systems of Internal Financial Control as part of the Council's overall Corporate Governance arrangements and included commentary in this regard in the Annual Governance Statement.

I believe that the statement of accounts presents fairly the financial position of the authority at the accounting date and its income and expenditure for the year ended 31 March 2011.

Ian Lorimer
Head of Finance
30 June 2011

Movement in Reserves Statement as at 31 March 2011

This Statement shows the movement in the year on the different reserves held by the Council, analysed into 'usable reserves' (ie those that can be applied to fund expenditure or reduce local taxation) and unusable reserves. The 'Surplus or (deficit) on the provision of services' line shows the true economic cost of providing the Council's services, more details of which are shown in Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance and Housing Revenue Account for Council Tax setting and dwellings rent setting purposes. The Net increase /Decrease before transfers to earmarked reserves line shows the statutory General Fund Balance and Housing Revenue Account Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council.

					Other Statutory Reserves					
	General Fund Balance £000	**Housing Revenue Account £000**	**Capital Grants Unapplied £000**	**Capital Receipts Reserve £000**	**Renewal & Repair Fund £000**	**Capital Fund £000**	**Insurance Fund £000**	**Total Usable Reserves £000**	**Unusable Reserves £000**	**Total Council Reserves £000**
Balance at 31 March 2009	18,804	1,174	0	2,492	3,348	1,961	955	28,734	360,885	389,619
Movement in reserves during 09/10										
Surplus or (deficit) on provision of services	(3,986)	(2,018)	0	0	0	0	0	(6,004)	0	(6,004)
Other Comprehensive Expenditure and Income	0	0	0	0	0	0	0	0	(111,566)	(111,566)
Total Comprehensive Expenditure and Income	**(3,986)**	**(2,018)**	**0**	**0**	**0**	**0**	**0**	**(6,004)**	**(111,566)**	**(117,570)**
Adjustments between accounting basis & funding basis under regulations (Note 5)	3,394	2,322	0	(315)	(8)	(326)	0	5,067	(5,067)	0
Net Increase/Decrease before Transfers to Earmarked Reserves	**(592)**	**304**	**0**	**(315)**	**(8)**	**(326)**	**0**	**(937)**	**(116,633)**	**(117,570)**
Transfers to/from Earmarked Reserves	60	0	0	0	51	112	(223)	0	0	0
Increase/Decrease in Year	**(532)**	**304**	**0**	**(315)**	**43**	**(214)**	**(223)**	**(937)**	**(116,633)**	**(117,570)**
Balance at 31 March 2010 carried forward	**18,272**	**1,478**	**0**	**2,177**	**3,391**	**1,747**	**732**	**27,797**	**244,252**	**272,049**
Movement in reserves during 10/11										
Surplus or (deficit) on provision of services	31,118	1,036	0	0	0	0	0	32,154	0	32,154
Other Comprehensive Expenditure and Income	70	0	0	0	0	0	0	70	53,921	53,991
Total Comprehensive Expenditure and Income	**31,188**	**1,036**	**0**	**0**	**0**	**0**	**0**	**32,224**	**53,921**	**86,145**

Adjustments between accounting basis &funding basis under regulations (Note 5)	(31,226)	(595)	596	(1,583)	0	(5)	0	(32,813)	32,813	0
Net Increase/Decrease before Transfers to Earmarked Reserves	**(38)**	**441**	**596**	**(1,583)**	**0**	**(5)**	**0**	**(589)**	**86,734**	**86,145**
Transfers to/from Earmarked Reserves	(5)	38	0	0	229	11	(273)	0	0	0
Increase/Decrease in Year	**(43)**	**479**	**596**	**(1,583)**	**229**	**6**	**(273)**	**(589)**	**86,734**	**86,145**
Balance at 31 March 2011 carried forward	**18,229**	**1,957**	**596**	**594**	**3,620**	**1,753**	**459**	**27,208**	**330,986**	**358,194**

Comprehensive Income and Expenditure Statement For the year 31 March 2011

This Statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

2009/10				2010/11			
Gross Expenditure £000	**Gross Income £000**	**Net Expenditure £000**		**Gross Expenditure £000**	**Gross Income £000**	**Net Expenditure £000**	**Net Budget £000**
110,145	(4,079)	106,066	Education	**117,349**	**(6,242)**	**111,107**	**112,390**
79,510	(15,999)	63,511	Social work	**84,414**	**(17,013)**	**67,401**	**68,475**
24,159	(4,985)	19,174	Roads & Transport	**26,867**	**(6,244)**	**20,623**	**20,474**
24,908	(12,759)	12,149	Cultural & Related Services	**37,346**	**(23,763)**	**13,583**	**14,013**
22,675	(8,755)	13,920	Environmental Services	**14,575**	**(206)**	**14,369**	**15,784**
9,308	(3,042)	6,266	Planning & Development Services	**8,685**	**(4,451)**	**4,234**	**4,743**
5,422	(2,786)	2,636	Central Services	**5,990**	**(2,466)**	**3,524**	**4,200**
21,496	(20,835)	661	Neighbourhood - Housing Revenue Account	**19,445**	**(21,703)**	**(2,258)**	**(1,652)**
27,882	(25,766)	2,116	Housing - General Fund	**29,350**	**(26,797)**	**2,553**	**3,584**
16,419	0	16,419	Joint Boards	**14,125**	**0**	**14,125**	**14,163**
4,694	0	4,694	Corporate & Democratic Core	**4,445**	**0**	**4,445**	**4,967**
(792)	0	(792)	Exceptional Items	**0**	**0**	**0**	**0**
709	0	709	Non Distributed Costs	**(41,101)**	**0**	**(41,101)**	**(41,101)**
346,535	(99,006)	247,529	**Cost Of Services**	**321,490**	**(108,885)**	**212,605**	**220,040**
1,845	0	1,845	Other Operating Expenditure (Note7)	**78**	**(351)**	**(273)**	**0**
35,678	(17,476)	18,202	Financing and Investment Income and Expenditure (Note 8)	**20,070**	**(1,502)**	**18,568**	**19,086**
0	0	0	Surplus of Deficit of Discontinued Operations	**0**	**0**	**0**	**0**
0	(261,572)	(261,572)	Taxation and Non-Specific Grant Income (Note 9)	**0**	**(263,054)**	**(263,054)**	**(256,585)**
384,058	(378,054)	6,004	(**Surplus) or Deficit on Provision of Services**	**341,638**	**(373,792)**	**(32,154)**	**(17,459)**
		7,716	(Surplus) or deficit on revaluation of fixed assets			**(1,435)**	
		0	(Surplus) or deficit on revaluation of available for sale financial assets			**(4)**	

2009/10 Gross Expenditure £000	2009/10 Gross Income £000	2009/10 Net Expenditure £000		2010/11 Gross Expenditure £000	2010/11 Gross Income £000	2010/11 Net Expenditure £000	2010/11 Net Budget £000
		103,850	Actuarial gains/losses on pension assets/liabilities			**(52,674)**	
		0	Other Unrealised gains/losses			**122**	
		111,566	**Other Comprehensive Income and Expenditure**			**(53,991)**	
		117,570	**Total Comprehensive Income and Expenditure**			**(86,145)**	

Balance Sheet as at 31 March 2011

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council. The net assets of the authority (assets less liabilities) are matched by the reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitation on their use (for example the capital receipts reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves are those that the Council is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the revaluation reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences are shown in the Movement in Reserves Statement line "Adjustments between accounting basis and funding basis under regulations."

1/4/2009 £000	31/3/2010 £000		Notes	**31/3/11 £000**
684,534	681,034	Property, Plant & Equipment	13	**679,559**
3,830	3,830	Investment Property	14	**2,395**
0	0	Intangible Assets		**0**
160	160	Assets Held for Sale	15	**536**
10	10	Long Term Investments		**10**
12,542	11,578	Long Term Debtors	16	**10,593**
701,076	696,612	**Long Term Assets**		**693,093**
32,750	19,111	Short Term Investments		**44,194**
626	780	Inventories	17	**720**
23,108	21,004	Short Term Debtors	18	**25,025**
0	14,425	Cash and Cash Equivalents	19	**341**
165	0	Assets held for sale	15	**240**
56,649	55,320	**Current Assets**		**70,520**
(3,264)	0	Cash and Cash Equivalents	19	**0**
(393)	(2)	Provisions	21	**(2)**
(5,506)	(7,448)	Short Term Borrowing		**(7,513)**
(39,625)	(37,580)	Short Term Creditors	20	**(41,090)**
(48,788)	(45,030)	**Current Liabilities**		**(48,605)**
(453)	(231)	Provisions	21	**(91)**
(151,268)	(154,264)	Long Term Borrowing		**(162,260)**
(167,597)	(280,358)	Other Long Term Liabilities		**(194,463)**
(319,318)	(434,853)	**Long Term Liabilities**		**(356,814)**
389,619	272,049	**Net Assets**		**358,194**
28,734	27,797	Usable Reserves	6	**27,208**
360,885	244,252	Unusable Reserves	24	**330,986**
389,619	272,049	**Total Reserves**		**358,194**

The unaudited accounts were authorised for issue by the Head of Finance on the 30 June 2011.

Ian Lorimer CPFA
Head of Finance
30 June 2011

Cash Flow Statement

2009/10 £000		**Notes**	**2010/11 £000**
(6,004)	Net surplus or (deficit) on the provision of services		**32,154**
55,555	Adjustment to surplus or deficit on the provision of services for non cash movements		**2,149**
(12,780)	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities		**(4,431)**
36,771	Net Cash flows from Operating Activities	30	**29,872**
(23,352)	Net Cash flows from Investing Activities	31	**(51,349)**
4,270	Net Cash flows from Financing Activities	32	**7,393**
17,689	Net increase or decrease in cash and cash equivalents		**(14,084)**
(3,264)	Cash and cash equivalents at the beginning of the reporting period		**14,425**
14,425	**Cash and Cash equivalents at the end of the reporting period**	**19**	**341**

Note1 – Statement of Accounting Policies

A. General Principles
The Statement of Accounts summarises the Council's transactions for the 2010/11 financial year and its position at the year-end of 31 March 2011. The Council is required to prepare an annual Statement of Accounts by the Local Authority Accounts (Scotland) Regulations 1985, with Section 12 of the Local Government in Scotland Act 2003 requiring them to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2010/11 and the Best Value Accounting Code of Practice, supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

B. Accruals of Income and Expenditure
Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:-

- Revenue from the sale of goods is recognised when the Council transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Council;

- Revenue from the provision of services is recognised when the Council can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Council;

- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet;

- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made;

- Interest payable on borrowings and receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract; and

- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

C. Disposal of Operations
Activities are considered to be 'discontinued' where they meet all of the following conditions:-

- The sale (this may be at nil consideration for activities transferred to another public sector body) or termination is completed either in the accounting period or before the earlier of: three months after the commencement of the subsequent accounting period; or the date on which the draft financial statements are issued;

- If a termination, the former activities have ceased permanently;

- The sale or termination has a material effect on the nature and focus of the Council's operations and represents a material reduction in its operating facilities resulting either from its withdrawal from a particular activity or from a material reduction in income in the Council's continuing operations; and

- The assets, liabilities, results of operations and activities are clearly distinguishable, physically, operationally and for financial reporting purposes.

Operations not satisfying all these conditions are classified as continuing.

Income and expenditure directly related to discontinued operations is shown separately on the face of the Comprehensive Income & Expenditure Statement (CIES) under the heading of discontinued operations. Liabilities relating to discontinued operations are disclosed separately in a note to the Balance Sheet.

D. Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable on demand without penalty, on notice of not more than 24 hours or 1 working day.

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. In this regard, fixed term deposits are not highly liquid and are not readily convertible to cash and are therefore not cash equivalents, regardless of the period remaining to maturity at the balance sheet date - unless a particular deposit matures on the next working day following the balance sheet date. Notice accounts are considered to be fixed deposits for the purposes of treatment under this policy.

Bank overdrafts, where evident, are considered to be an integral part of the Council's cash management and are thus included within cash and cash equivalents.

E. Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

General

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or financial performance. Where a change is made, it is applied retrospectively by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

Common Good

Following exercises to review legal titles, etc. there are occasions when it is necessary to transfer of assets between the General Fund and Common Good accounts and vice versa. Each transfer between the Common Good and the General Fund, and vice versa, will be considered on a case by case basis. For current year transfers, accounting adjustments will be made effective on the date of the transfer. Where the actual transfer has occurred in a previous year but has not been identified until a later year, the accounting adjustments will be made on 1 April in the year that the asset transfer is identified. Prior year financial adjustments will only be made if they are considered material in relation to the Common Good assets for the relevant Fund.

F. Charges to Revenue for Non-Current Assets

Services and support services are debited with the following amounts, where applicable, to record the cost of holding fixed assets during the year:-

- depreciation attributable to the assets used by the relevant service;
- revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off; and
- amortisation of intangible fixed assets attributable to the service.

The Council is not required to raise council tax to cover depreciation, impairment or revaluation losses or amortisations. However, it is required to make an annual contribution from revenue to contribute towards the reduction in its overall borrowing requirement and does so through loans fund principal charges. Depreciation, impairment losses and amortisations are therefore replaced by capital financing charges in the General Fund and Housing Revenue Account Balances. This is achieved by way of an adjusting transaction in the Capital Adjustment Account in the Movement in Reserves Statement based upon the difference between the two figures**.**

G. Employee Benefits

Benefits Payable During Employment

Short-term employee benefits such as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees that fall due wholly within 12 months after the end of the period in which the employees render the related service, are recognised as an expense in the year in which employees render service to the Council. An accrual is made for the cost of holiday entitlements earned by employees but not taken before the year-end and which employees can carry forward into the next financial year.

The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to the Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits
Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy. These are charged on an accruals basis to the Non Distributed Costs line in the Comprehensive Income and Expenditure Statement when the Council is demonstrably committed to either terminating the employment of an officer or group of officers or making an offer to encourage voluntary redundancy.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Post Employment Benefits
Employees of the Council are members of two separate pension schemes:-

a)The Teachers' Pension Scheme administered by the Scottish Public Pensions Agency (SPPA); and

b)The Local Government Pensions Scheme, administered by Dundee City Council.

Both schemes provide defined benefits to members (retirement lump sums and pensions), which are earned as employees accumulate qualifying service for the Council.

a) The Teachers' Pension Scheme

The arrangements for the teachers' scheme mean that liabilities for these benefits cannot be identified specifically to the Council. The scheme is therefore accounted for as if it were a defined contributions scheme. In light of this no liability for future payments of benefits is recognised in the Balance Sheet and the education service line in the Comprehensive Income and Expenditure Statements is charged with the employer's contributions payable to Teachers' Pensions in the year.

b) The Local Government Pension Scheme

The Local Government Scheme is accounted for as a defined benefits scheme:-

- The liabilities of the Tayside Pension Fund pension scheme attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of projected earnings for current employees;

- Liabilities are discounted to their value at current prices, using a discount rate based on the indicative rate of return on high quality corporate bonds; and

- The assets of the Tayside Pension Fund pension fund attributable to the Council are included in the Balance Sheet at their fair value based upon the following:-

o quoted securities – current bid price;
o unquoted securities – professional estimate;
o unitised securities – current bid price; and
o property – market value.

The change in the net pension liability is analysed into seven components:-

- current service cost – the increase in liabilities as a result of years of service earned this year. These are allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked at 31 March;

- past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years. These are debited to the Surplus/Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs;

- interest cost – the expected increase in the present value of liabilities during the year as they move one year closer to being paid. These are debited to the Finance and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement;

- expected return on assets – the annual investment return on the fund assets attributable to the Council, based on an average of the expected long-term return. These are credited to the Finance and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement;

- gains / losses on settlements and curtailments – the result of actions to relieve the Council of liabilities or events that reduce the expected future service or accrual of benefits of employees. These are debited / credited to the Surplus / Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs;

- actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions. These are debited to the Pensions Reserve; and

- contributions paid to the Tayside Pension Fund – cash paid as employer's contributions to the pension fund in settlement of liabilities. These are not accounted for as an expense within the Comprehensive Income & Expenditure Statement, rather per FRS17 the increase or decrease in pension cost liability is shown. This is offset through the Movement on Reserve Statement.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Discretionary Benefits
The Council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff (including teachers) are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

H. Events After the Reporting Period
Events after the reporting period are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:-

- those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events; and

- those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events. However, where a category of events would have a material effect, a disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

I. Exceptional Items
When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the Council's financial position.

J. Financial Liabilities
Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and then carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For most of the borrowings that the Council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest) and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the year of repurchase/settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount can be deducted from or added to the amortised cost of the new or modified loan and the write-down to the Comprehensive Income and Expenditure

Statement spread over the life of the loan by an adjustment to the effective interest rate. The Council's policy in respect of debt restructuring however is not to amortise any resulting premium or discount, but to debit/credit these in full to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the year of restructuring.

Where premiums and discounts were incurred prior to 1 April 2006 and were scheduled to be charged to the Comprehensive Income and Expenditure Statement on an amortised basis, regulations allow the impact on the General Fund Balance to continue to be spread over future years and this is applied by the Council.

The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

K. Financial Assets

Loans and Receivables

These are assets which have fixed or determinable payments but are not quoted in an active market.

Loans and receivables are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. In subsequent years they are measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans that the Council has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

Where soft loans (loans at less than market rates) are made, a loss is recorded in the Comprehensive Income and Expenditure Statement (debited to the appropriate service) for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal. Interest is credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement at a marginally higher effective rate of interest than the rate receivable from the debtor, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable for the financial year. In light of this the reconciliation of amounts debited and credited to the Comprehensive Income and Expenditure Statement to the net gain required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate.

Any gains and losses that arise on the de-recognition of an asset are credited/debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Available-for-Sale Assets

These are assets which have a quoted market price and / or do not have fixed or determinable payments.

Available-for-sale assets are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument. They are initially measured at, and thereafter carried at, fair value. Where the asset has fixed or determinable payments, annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the amortised cost of the asset multiplied by the effective rate of interest for the instrument. Where there are no fixed or determinable payments, income (e.g. dividends) is credited to the Comprehensive Income and Expenditure Statement when it becomes receivable by the Council.

Assets are maintained in the Balance Sheet at fair value. Values are based on the following principles:-

- instruments with quoted market prices – the market price;
- other instruments with fixed and determinable payments – discounted cash flow analysis; and
- equity shares with no quoted market prices – independent appraisal of company valuations.

Changes in fair value are balanced by an entry in the Available-for-Sale Reserve and the gain / loss is recognised in the Surplus / Deficit on Revaluation of Available-for-Sale. The exception is where impairment losses have been incurred – these are debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, along with any net gain/loss for the asset accumulated in the Reserve.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made (fixed or determinable payments) or fair value falls below cost, the asset is written down and a

charge made to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. If the asset has fixed or determinable payments, the impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. Otherwise, the impairment loss is measured as any shortfall of fair value against the acquisition cost of the instrument (net of any principal repayment and amortisation).

Any gains and losses that arise on the de-recognition of the asset are credited/debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, along with any accumulated gains / losses previously recognised in the Statement of Recognised Gains and Losses.

Where fair value cannot be measured reliably, the instrument is carried at cost (less any impairment losses).

L. Foreign Currency Translation

Where the Council has entered into a transaction denominated in a foreign currency, the transaction is converted into sterling at the exchange rate applicable on the date the transaction was effective. Where amounts in foreign currency are outstanding at the year-end, they are reconverted at the spot exchange rate at 31 March. Resulting gains or losses are recognised in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

M. Government Grants and Contributions

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the Council when there is reasonable assurance that:-

- the Council will comply with the conditions attached to the payments; and
- the grants or contributions will be received.

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Account until conditions attaching to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the person or body providing the grant or contribution.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants / contributions) or Taxation and Non-Specific Grant Income (non-ring-fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Account. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied Account are transferred to the Capital Adjustment Account once they have been applied.

N. Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Council as a result of past events (e.g. software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Council.

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the Council will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and restricted to that incurred during the development phase (research expenditure is not capitalised).

Intangible assets are measured initially at cost. Amounts are not revalued, as the fair value of the assets held by the Council cannot be determined by reference to an active market. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and the Capital Receipts Reserve.

O. Interests in Companies and Other Entities
The Council has material interests in other entities that have the nature of subsidiaries, associates and jointly controlled entities which require the preparation of group accounts. Note 51 of the Council's own single-entity accounts records the extent of financial interest in other entities.

P. Inventories
Inventories are included in the Balance Sheet at the lower of cost and net realisable value.

Q. Investment Properties
Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's length. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line in the Comprehensive Income and Expenditure Statement and result in a gain for the General Fund Balance.

However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and the Capital Receipts Reserve.

R. Jointly Controlled Operations and Jointly Controlled Assets
Jointly controlled operations are activities undertaken by the Council in conjunction with other venturers that involve the use of the assets and resources of the venturers rather than the establishment of a separate entity. The Council recognises on its Balance Sheet the assets that it controls and the liabilities that it incurs and debits and credits the Comprehensive Income and Expenditure Statement with the expenditure its incurs and the share of income it earns from the activity of the operation.

Jointly controlled assets are items of property, plant or equipment that are jointly controlled by the Council and other venturers, with the assets being used to obtain benefits for the venturers. The joint venture does not involve the establishment of a separate entity. The Council accounts for its share of the jointly controlled assets, the liabilities and expenses that it incurs on its own behalf or jointly with others in respect of its interest in the joint venture and income that it earns from the venture.

S. Leases
Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property from the lessor to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

<u>The Council as Lessee</u>

Finance Leases
Property, plant and equipment held under finance lease is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a Long Term Liability for the obligation to pay the lessor. Initial direct costs of the Council are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability.

Lease payments are apportioned between:-

- a charge for the acquisition of the interest in the asset – applied to write down the lease liability; and

- a finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

Property, Plant and Equipment recognised under finance lease is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life.

The Council is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance. This is achieved by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement based upon the difference between the two figures**.**

Operating Leases
Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefiting from use of the leased property, plant or equipment. Charges are made on the basis of the actual charge due for the year under the terms of the lease. Initial direct costs incurred in negotiating and arranging the lease are charged as an expense in the year incurred.

The Council as Lessor

Finance Leases
Where the Council grants a finance lease over a property or an item of plant or equipment, the relevant asset is removed from Fixed Assets (Property, Plant & Equipment or Assets Held for Sale) and a Long Term Debtor created to recognise the finance lease asset.
Lease rentals receivable are apportioned between:-

- income towards the lessee's acquisition of interest in the asset – applied to write down the Long Term Debtor; and

- finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

Operating Leases
Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited as income to the services that hold the item of property, plant or equipment. Income is credited on the basis of the actual income due for the year under the terms of the lease. Initial direct costs incurred in negotiating and arranging the lease are charged as an expense in the year incurred.

T. Overheads and Support Services
The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Best Value Accounting Code of Practice 2010/11 (BVACOP). The total absorption costing principle is used whereby the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:-

- Corporate and Democratic Core – costs relating to the Council's status as a multi-functional, democratic organisation; and

- Non Distributed Costs – the cost of discretionary benefits awarded to employees retiring early and any depreciation and impairment losses chargeable on non-operational properties.

These two cost categories are defined in BVACOP and accounted for as separate headings in the Comprehensive Income and Expenditure Statement, as part of Net Expenditure on Continuing Services.

U. Property, Plant and Equipment
Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

Recognition
Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

Measurement
Assets are initially measured at cost, comprising:-

- the purchase price;

- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management; and

- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

The Council does not capitalise borrowing costs incurred whilst assets are under construction.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-Specific Grant Income line of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

Assets are then carried in the Balance Sheet using the following measurement bases:-

- infrastructure, community assets and assets under construction – depreciated historical cost;

- council dwellings – fair value, determined using the basis of existing use value for social housing (EUV-SH); or

- all other assets – fair value, determined using the amount that would be paid for the asset in its existing use (existing use value – EUV).

Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost is used as an estimate of fair value.

For non-property assets that have short useful lives or low values (or both), the depreciated historical cost basis is used as a proxy for fair value.

Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year-end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of an impairment loss previously charged to a service.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Impairment

Assets are assessed at each year-end as to whether there is any indication that they may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for by:-

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains); or

- where there is no balance in the Revaluation Reserve, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Disposals

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previous losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal are categorised as capital receipts. Receipts received are required to be credited to the Capital Receipts Reserve, and can then only be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Useable Capital Receipts

Reserve from the General Fund Balance in the Movement in Reserves Statement. It is the Council's policy to fully utilise receipts to reduce borrowing in the year they are received unless formally approved otherwise.

The written-off value of disposals is not a charge against council tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

<u>Depreciation</u>

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. Depreciation is not charged in the year of acquisition but thereafter the straight line method of depreciation is applied where appropriate. An exception is made for assets without a determinable finite useful life (ie, freehold land and certain Community Assets) and assets that are not yet available for use (i.e. assets under construction).

Deprecation is calculated on the following bases:-

- council dwellings and other buildings – straight-line allocation over the useful life of the property as estimated by the valuer;

- vehicles, plant and equipment – straight-line allocation over its useful life; and

- infrastructure – straight-line allocation.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

<u>Componentisation</u>

Componentisation refers to accounting separately for the different component parts of assets, particularly for depreciation purposes. A de minimis level of £1.5 million is applied to the overall asset value in this respect.

Assets valued above the de minimis value at the balance sheet date but which have an overall useful life of 25 years or less, or which are valued at less than the de minimis value at the balance sheet date, are not split into components but are treated as a single asset for fixed asset accounting purposes.

Assets which require to be split into components are split into their significant components where these have substantially different useful economic lives. Components are accounted for separately where material. In this respect an individual component is considered material if its value is more than 20% of the value of the asset.

The values of the following components are considered in relation to assets:-

- Land (useful life not applicable);
- Building - i.e. Substructure / Superstructure / Internal Finishes (useful life 60 years);
- Roof Covering - i.e. excluding roof structure (useful life 20 years);
- Windows / External Doors (useful life 20 years);
- Built-in Fittings (useful life 20 years);
- Services - i.e. heat / ventilation / electric / plumbing / protective (useful life 20 years); and
- External Works (useful life 60 years).

Component categories for other assets are considered as necessary, and follow the principles of the categories outlined above.

Assets under construction are not subject to consideration for componentisation, but when they become operational and where existing assets are re-valued, consideration of componentisation will apply where the asset value is above the de minimis value at the balance sheet date.

Where an individual component is subsequently replaced, the carrying amount of the old component is derecognised to avoid double counting and the new component reflected in the carrying amount.

V. Private Finance Initiative (PFI) and Similar Contracts

PFI contracts are agreements to receive services, where the responsibility for making available the property, plant and equipment needed to provide the services passes to the PFI contractor. As the Council is deemed to control the services that are provided under its PFI schemes and as ownership of the property, plant and equipment either remains with the Council or will pass to the Council at the end of the contracts for no additional charge, the Council carries the assets used under the contracts on its Balance Sheet as part of Property, Plant and Equipment.

The original recognition of these assets at fair value (based on the cost to purchase the property, plant and equipment) was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment.

Non current assets recognised on the Balance Sheet are revalued and depreciated in the same way as property, plant and equipment owned by the Council.

The amounts payable to the PFI operators each year are analysed into five elements:-

- fair value of the services received during the year – debited to the relevant service in the Comprehensive Income and Expenditure Statement;

- finance cost – an interest charge on the outstanding Balance Sheet liability, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement;

- contingent rent – increases in the amount to be paid for the property arising during the contract, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement;

- payment towards liability – applied to write down the Balance Sheet liability towards the PFI operator (the profile of write-downs is calculated using the same principles as for a finance lease); and

- lifecycle replacement costs – proportion of the amounts payable is posted to the Balance Sheet as additions to Property, Plant and Equipment when the relevant works are eventually carried out.

W. Provisions, Contingent Liabilities and Contingent Assets

Provisions

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that is likely to require settlement by a transfer of economic benefits or service potential and where a reliable estimate can be made of the amount of the obligation. For instance, the Council may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Council becomes aware of the obligation, and measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision within the Balance Sheet. Estimated settlements are reviewed at the end of each financial year and where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service where there is certainty that reimbursement will be receivable if the Council settles the obligation.

Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

Contingent Assets

A contingent asset arises where an event has taken place that gives the Council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

X. Reserves

Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus/Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments and retirement benefits and that do not represent usable resources for the Council.

Y. Revenue Expenditure Funded from Capital under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions but does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of council tax.

Z. Value Added Tax (VAT)

Income and expenditure excludes any amounts related to VAT, as all VAT collected is payable to HM Revenue & Customs and all VAT paid is recoverable from it.

Note 2 - Accounting Standards Issued, Not Adopted

The Council has adopted all pertinent issued accounting standards in preparing these accounting statements with the exception of FRS30, Heritage Assets. This standard will be applied in 2011/12.

A full set of group accounts, in addition to the Council's accounts, has been prepared which incorporates material balances from identified associates.

The Financial Statements in the Group Accounts are prepared in accordance with the Accounting Policies set out in Note 1.

Note 3 - Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 1, the authority has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statements of Accounts are:

Future Grant Funding

There is a high degree of uncertainty about future levels of funding for local government. However, the Authority has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Authority might be impaired as a result of a need to close facilities and to reduce levels of service provision.

Employee Benefits

The accrual in relation to employee benefits is estimated on the basis of sampled information provided by managers regarding outstanding annual leave and flexible working hours.

Assessment of Leases

Leases are assessed under IFRS as being operating or finance leases, which determines their accounting treatment. The assessment process for undertaking categorisation is based on subjective criteria. However, a standard approach has been taken to each assessment in order to ensure a consistent treatment in the accounts.

Council Tax Provision

The bad debts provision is based on an average of the lowest five collection years since 1992/93. This careful and prudent approach protects against any significant detrimental changes to payment patterns

Council House Valuation

The valuation of the Council's housing stock is undertaken on the basis of a beacon approach. Through this approach only a limited number of representative houses are valued and the total stock valuation is extrapolated from this.

Note 4 - Assumptions made about the Future and other Major Sources of estimation certainty

The Statement of Accounts contains estimated figures that are based on assumptions made by Angus Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Authority's Balance Sheet at 31 March 2011 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Authority will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for buildings would increase for every year that useful lives had to be reduced.

Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Tayside Pension Fund with expert advice about the assumptions to be applied.	The Pension liability assumptions interact in complex ways. During 2010/11, the Authority's actuaries advised that the net pensions liability had decreased by £84.274m mainly as a result of the change from accounting for future pensions in line with the Consumer Price Index rather than the Retail Price Index.
Southern Cross	The Council has Social Work & Health clients placed at 3 Southern Cross establishments within Angus. There is ongoing uncertainty with regard to the financial viability of Southern Cross as a business.	Given the national significance of Southern Cross as a care home service provider it is not considered that there would be a significant financial impact onto the Council through either private or public sector intervention to ensure the continued provision of sufficient provision of care home facilities.

This list does not include assets and liabilities that are carried at fair value based on a recently observed market price.

Note 5 - Adjustments between Accounting Basis and Funding Basis under Regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Authority in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Authority to meet future capital and revenue expenditure.

	Useable Reserves							
	General Fund Balance £000	**Housing Revenue Account £000**	**Capital Grants Unapplied £000**	**Capital Receipts Reserve £000**	**Renewal & Repairs Fund £000**	**Capital Fund £000**	**Insurance Fund £000**	**Unusable Reserves £000**
Adjustments primarily involving the Capital Adjustment Account:								
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement								
Charges for depreciation and impairment of non-current assets	24,759	5,333	0	0	0	0	0	(30,092)
Revaluation losses on property Plant and Equipment	0	0	0	0	0	0	0	0
Movements in the market value of Investment Properties	(214)	5	0	0	0	0	0	209
Amortisation of intangible assets	0	0	0	0	0	0	0	0
Capital grants and contributions applied	(5,794)	(387)	596	0	0	0	0	5,585
Revenue expenditure funded from the capital under statue	0	0	0	0	0	0	0	0
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(351)	78	0	0	0	0	0	273
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:								
Statutory provision for the financing of capital investment	(9,732)	(660)	0	0	0	0	0	10,392
Capital expenditure charged against the General Fund and HRA balances -CFCR	(7,874)	(5,350)	0	0	0	0	0	13,224
Adjustments primarily involving the Capital Grants Unapplied Account:								
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	0	0	0	0	0	0	0	0

	Usable Reserves General Fund Balance £000	Housing Revenue Account £000	Capital Grants Unapplied £000	Capital Receipts Reserve £000	Renewal & Repairs Fund £000	Capital Fund £000	Insurance Fund £000	Unusable Reserves £000
Application of grants to capital financing transferred to the Capital Adjustment Account	0	0	0	0	0	0	0	0

Adjustments primarily involving the Capital Receipts Reserve								
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	0	0	0	0	0	0	0	0
Capital Receipts for leases	0	0	0	22	0	0	0	(22)
Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	0	(1,605)	0	(5)	0	1,610
Adjustment primarily involving the Financial Instruments Adjustment Account:								
Amount by which finance costs charges to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(200)	0	0	0	0	0	0	200
Adjustments primarily involving the Pensions Reserve:								
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(31,983)	383	0	0	0	0	0	31,600
Adjustment primarily involving the Accumulated Absences Account:								
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	163	3	0	0			0	(166)
Total Adjustments	(31,226)	(595)	596	(1,583)	0	(5)	0	32,813

Note 5 - Comparative Figures in 2009/10

	Usable Reserves							
2009/10	**General Fund Balance £000**	**Housing Revenue Account £000**	**Capital Grants Unapplied £000**	**Capital Receipts Reserve £000**	**Renewal & Repairs Fund £000**	**Capital Fund £000**	**Insurance Fund £000**	**Unusable Reserves £000**
Adjustments primarily involving the Capital Adjustment Account:								
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:								
Charges for depreciation and impairment of non-current assets	26,546	8,048	0	0	0	0	0	(34,594)
Revaluation losses on property Plant and Equipment	0	0	0	0	0	0	0	0
Movements in the market value of Investment Properties	(185)	0	0	0	0	0	0	185
Amortisation of intangible assets	0	0	0	0	0	0	0	0
Capital grants and contributions applied	(10,899)	0	0	1,001	0	0	0	9,898
Revenue expenditure funded from the capital under statue	0	0	0	0	0	0	0	0
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	1,845	0	0	0	0	0	0	(1,845)
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:								
Statutory provision for the financing of capital investment	(9,135)	(551)		0	0	0	0	9,686
Capital expenditure charged against the General Fund and HRA balances - CFCR	(5,941)	(5,074)	0	0	0	0	0	11,015
Adjustments primarily involving the Capital Grants Unapplied Account:								
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	0	0	0	0	0	0	0	0
Application of grants to capital financing transferred to the Capital Adjustment Account	0	0	0	0	0	0	0	0

2009/10	General Fund Balance £000	Housing Revenue Account £000	Capital Grants Unapplied £000	Capital Receipts Reserve £000	Renewal & Repairs Fund £000	Capital Fund £000	Insurance Fund £000	Unusable Reserves £000
	Usable Reserves							
Adjustments primarily involving the Capital Receipts Reserve:								
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	0	0	0	0	0	0	0	0
Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	0	(1,316)	(8)	(326)	0	1,650
Adjustment primarily involving the Financial Instruments Adjustment Account:								
Amount by which finance costs charges to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(204)	0	0	0	0	0	0	204
Adjustments primarily involving the Pensions Reserve:								
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	1,493	(101)	0	0	0	0	0	(1,392)
Adjustment primarily involving the Accumulated Absences Account:								
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(126)	0	0	0	0	0	0	126
Total Adjustments	**3,394**	**2,322**	**0**	**(315)**	**(8)**	**(326)**	**0**	**(5,067)**

Note 6 - Transfers to/from Earmarked Reserves

This note sets out the amounts set aside from the General Fund and HRA balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund and HRA expenditure in 2010/11.

Usable Reserves	Balance at 1/4/10 £000	Transfer Out 10/11 £000	Transfers In 10/11 £000	Balance at 31/3/11 £000
General Fund:	17,517	(9,147)	9,088	**17,458**
Car Parking Reserve	314	0	2	**316**
Arbroath Harbour Reserve	186	0	10	**196**
Specific Reserves	255	0	4	**259**
Housing Revenue Account	1,478	(145)	624	**1,957**
Total General Fund	19,750	(9,292)	9,728	**20,186**
Insurance Fund	732	(273)	0	**459**
Renewal and Repairs Fund	3,391	(1,107)	1,336	**3,620**
Capital Fund	1,747	(5)	11	**1,753**
Usable Capital Receipts	2,177	(1,605)	22	**594**
Capital Grants Unapplied	0	0	596	**596**
Total	27,797	(12,282)	11,693	**27,208**
General Fund Commitments				
Contingency	3,250	0	0	3,250
Balances held by schools under a scheme of delegation	245	(4)	0	241
Ring Fenced Monies	3,896	(3,347)	1,642	2,191
Affordable Housing	946	(182)	76	1,023
50% & 100% Carryforwards	3,478	(1,907)	2,295	3,866
Budget Commitments	3,608	(3,608)	4,698	4,698
Total	**15,423**	**(9,048)**	**8,711**	**15,269**
Housing Revenue Account Commitments				
Minimum Policy Level	500	0	0	500
Total	**500**	**0**	**0**	**500**

Note 7 - Other Operating Expenditure

2009/10 £000		**2010/11 £000**
1,845	Gains/Losses on disposal of non-current assets	**(273)**
1,845	**Total**	**(273)**

Note 8 - Financing and Investment Income and Expenditure

2009/10 £000		**2010/11 £000**
15,186	Interest payable and similar charges	**15,469**
4,936	Pensions interest cost and expected return on pensions assets	**4,588**
(1,487)	Interest receivable and similar income	**(831)**
(185)	Income and expenditure in relation to investment properties and changes in their fair value	**(285)**
(248)	Other investment income	**(373)**
18,202	**Total**	**18,568**

Note 9 - Taxation and Non Specific Grant Incomes

2009/10 £000		**2010/11 £000**
(45,407)	Council tax income	**(45,551)**
(46,242)	Non domestic rates	**(44,141)**
(159,024)	Non-ring-fenced government grants	**(167,183)**
(10,899)	Capital grants and contributions	**(6,179)**
(261,572)	**Total**	**(263,054)**

Note 10 - Grant Income

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2010/11.

Credited to Taxation and Non Specific Grant Income	2009/10 £000	**2010/11 £000**
Scottish Government General Capital Grant	8,425	**3,933**
Scottish Government Specific Capital Grants	588	**1,270**
Scottish Government Revenue Grants	159,024	**167,183**
Other capital grants	232	**602**
Other capital contributions	520	**374**
Total	168,789	**173,362**
Credited to Services		
Scottish Government General Capital Grant	577	**2,181**
Insurance Receipt	0	**2**
Total	577	**2,183**

Note 11 - Amounts Reported for Resource and Allocation Decisions (segmental reporting)

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the Best Value Accounting Code of Practice. However, decisions about resource allocation are taken by the council's members on the basis of budget reports presented to the council. These reports are prepared on a different basis from the accounting policies used in the financial statements.

In particular:

- no charges are made in relation to capital expenditure (whereas depreciation, revaluation and impairment losses in excess of the balance on the Revaluation Reserve and amortisation's are charged to services in the Comprehensive Income and Expenditure Statement)
- the cost of retirement benefits is based on cash flows (payment of employer's pensions contributions) rather than current service cost of benefits accrued in the year
- expenditure on some support services is budgeted for centrally and not charged to (directorates).

The income and expenditure of the council's department's recorded in the budget outturn report for the year is as follows:

Table1

Service Analysis	**Education £000**	**Social Work & Health £000**	**Infrastructure Services £000**	**Neighbourhood Services £000**	**Corporate Services £000**	**Chief Executive £000**	**Other Services £000**	**Total £000**
Fees, Charges & Other Service Income	(4,430)	(15,543)	(8,880)	(23,963)	(15,452)	(4,165)	(1,009)	(73,442)
Government Grants & Contributions	(1,766)	(1,439)	(1,200)	(26,361)	(358)	0	(108)	(31,232)
Total Income	(6,196)	(16,982)	(10,080)	(50,324)	(15,810)	(4,165)	(1,117)	(104,674)
Employee Expenses	74,367	36,870	8,558	18,407	11,978	3,431	14	153,625
Other Operating Expenses	31,734	42,763	24,229	52,520	3,583	1,477	3,528	159,834
Support Services Recharges	3,481	1,260	1,048	1,375	459	26	3528	11,177
Total Operating Expenses	109,582	80,893	33,835	72,302	16,020	4,934	7,070	324,636
Cost of Services	103,386	63,911	23,755	21,978	210	769	5,953	219,962

Table 2

Reconciliation to Net Cost of Services in Comprehensive Income & Expenditure Statement	**£000**
Cost of Services in Analysis	219,962
Add services not included in main analysis	(4,045)
Add amounts not reported to management	(1,054)
Remove amounts reported to management not included in the Comprehensive Income and Expenditure Statement	0
Net Cost of Services in Comprehensive Income and Expenditure Statement (General Fund)	214,863

Table 3

Summary Position	**£000**
General Fund	214,863
Housing Revenue Account	(2,258)
Net Cost of Services in Comprehensive Income and Expenditure Statement	212,605

Reconciliation to Subjective Analysis

This reconciliation shows how the figures in the analysis of the departmental income and expenditure relate to a subjective analysis of the Surplus or Deficit on the Provision of Services included in the Comprehensive Income and Expenditure Statement.

Table 4

Reconciliation of Subjective Analysis	Service Analysis £000	Services not in Analysis £000	Not reported to management £000	Not included in I&E £000	Allocation of Recharges £000	Net Cost of Services £000	Corporate Amounts £000	Total £000
Fees, Charges & Other Service Income	(73,442)	(10,346)	(597)	0	0	(84,385)	0	(84,385)
Surplus or deficit on associates and joint ventures	0	0	0	0	0	0	0	0
Interest and Investment Income	0	0	0	0	0	0	0	0
Income from Council Tax	0	0	0	0	0	0	0	
Government Grants & Contributions	(31,232)	0	0	0	0	(31,232)	0	(31,232)
Total Income	(104,674)	(10,346)	(597)	0	0	(115,617)		(115,617)
Employee Expenses	153,625	0	(35,195)	0	0	118,430		118,430
Other Operating Expenses	159,834	6,259	12,307			178,400		178,400
Support Service Recharges	11,177	42	0			11,219	0	11,219
Depreciation, amortisation and Impairment	0	0	22,406	0	0	22,406	0	22,406
Interest Payments	0	0	25	0	0	25	0	25
Precepts and Levies	0	0	0	0	0	0	0	0
Payment to Housing Capital Receipts Pool	0	0	0	0	0	0	0	0
Gain or loss on disposal of Fixed Assets	0	0	0	0	0	0	0	0
Total Operating Expenses	324,636	6,301	(457)	0	0	330,480	0	330,480
Surplus/Deficit on the provision of services	219,962	(4,045)	(1,054)	0	0	214,863	0	214,863

Reconciliation of Management Structure Income and Expenditure to Cost of Services in the Comprehensive Income and Expenditure Statement

This reconciliation shows how the figures in the analysis of departmental income and expenditure relate to the amounts included in the Comprehensive Income and Expenditure Statement.

	2009/10 £000	**2010/11 £000**
Net expenditure in the Analysis	216,157	219,962
Net expenditure of services and support services not included in the Analysis	13,890	(4,045)
Amounts in the Comprehensive Income and Expenditure Statement not reported to management in the Analysis	16,821	(1,054)
Amounts included in the Analysis not included in the Comprehensive Income and Expenditure Statement	0	0
Cost of Services in Comprehensive Income and Expenditure Statement (General Fund)	**246,868**	**214,863**
Housing Revenue Account	**661**	**(2,258)**
Cost of Services in Comprehensive Income and Expenditure Statement	**247,529**	**212,605**

Note 12 - External Audit Costs

The Authority has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grants claims and statutory inspections and to non-audit services provided by the Authority's external auditors:

2009/10 £000		**2010/11 £000**
280	Fees payable to (external auditors) with regard to external audit services carried out by the appointed auditor for the year	**281**
280	Total	**281**

Note 13 - Property, Plant and Equipment
Movements in 2010/11

	Council Dwellings	**Other Land and Buildings**	**Vehicles, Plant, Furniture & Equipment**	**Infra-structure Assets**	**Commu-nity Assets**	**Surplus Assets**	**Assets Under Construction**	**Total Property, Plant and Equipment**	**PFI Assets Included in Property, Plant and Equipment***
Gross Cost or Valuation	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
1 April 2010	265,288	314,724	30,162	159,325	3,372	3,063	3,783	779,717	102,325
Additions	8,343	5,525	3,173	12,147	355	0	365	29,908	133
Donations	0	0	0	0	0	0	0	0	0
revaluation increases/(decreases) recognised in the Revaluation Reserve	0	(694)	0	0	0	0	0	(694)	0
revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	0	(3,819)	0	0	0	(40)	0	(3,859)	0
derecognition – disposals	(1,694)	(615)	(129)	0	0	(1,880)	0	(4,318)	0
assets reclassified (to)/from Held for Sale	0	0	0	0	0	0	0	0	0
other movements in costs or valuation	0	2,605	0	0	0	2,205	(3,783)	1,027	0
31 March 2011	**271,937**	**317,726**	**33,206**	**171,472**	**3,727**	**3,348**	**365**	**801,781**	**102,458**

	Council Dwellings £000	Other Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Infra-structure Assets £000	Commu-nity Assets £000	Surplus Assets £000	Assets Under Construction £000	Total Property, Plant and Equipment £000	PFI Assets Included in Property, Plant and Equipment* £000
Accumulated Depreciation and impairment									
1 April 2010	0	(34,887)	(19,098)	(43,869)	(280)	(550)	0	(98,684)	(7,460)
Depreciation charge	(5,306)	(11,006)	(3,005)	(8,210)	(32)	(240)	0	(27,799)	(3,047)
Depreciation (charged to the Surplus/Deficit on the Provision of Services)	0	0	0	0	0	0	0	0	0
Impairment losses/(reversals) recognised in the Revaluation Reserve	0	3,698	0	0	0	0	0	3,698	0
Derecognition – disposals	34	92	100	0	0	528	0	754	0
Derecognition – other	0	0	0	0	0	0	0	0	0
Other movements	0	326	0	0	0	(517)	0	(191)	0
31 March 2011	**(5,272)**	**(41,777)**	**(22,003)**	**(52,079)**	**(312)**	**(779)**	**0**	**(122,222)**	**(10,507)**
Net Book Value									
31 March 2010	**265,288**	**279,837**	**11,064**	**115,456**	**3,092**	**2,513**	**3,783**	**681,033**	**94,865**
31 March 2011	**266,665**	**275,949**	**11,203**	**119,393**	**3,415**	**2,569**	**365**	**679,559**	**91,951**

Comparative Movements in 2009/10

Gross Cost or Valuation	Council Dwellings £000	Other Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Infra-structure Assets £000	Commu-nity Assets £000	Surplus Assets £000	Assets Under Construction £000	Total Property, Plant and Equipment £000	PFI Assets Included in Property, Plant and Equipment* £000
1 April 2009	276,601	302,550	28,228	149,792	2,837	3,054	4,768	767,830	95,904
Additions	9,621	16,616	2,304	9,533	514	9	3,783	42,380	8,901
Donations	0	0	0	0	0	0	0	0	0
revaluation increases/(decreases) recognised in the Revaluation Reserve	0	599	0	0	0	0	0	599	(2,480)
revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(19,665)	(7,061)	0	0	0	0	0	(26,726)	0
derecognition – disposals	(1,269)	(2,842)	(370)	0	0	0	0	(4,481)	0
decrecognition – other	0	0	0	0	0	0	0	0	0
assets reclassified (to)/from Held for Sale	0	0	0	0	0	0	0	0	0
other movements in costs or valuation	0	4,863	0	0	21		(4,768)	116	0
31 March 2010	**265,288**	**314,725**	**30,162**	**159,325**	**3,372**	**3,063**	**3,783**	**779,718**	**102,325**

	Council Dwellings £000	Other Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Infra-structure Assets £000	Commu-nity Assets £000	Surplus Assets £000	Assets Under Construction £000	Total Property, Plant and Equipment £000	PFI Assets Included in Property, Plant and Equipment* £000
Accumulated Depreciation and impairment									
1 April 2009	0	(29,288)	(16,268)	(37,084)	(246)	(410)	0	(83,296)	(9,995)
depreciation charge	(5,327)	(11,625)	(3,146)	(6,785)	(32)	(158)	0	(27,073)	(2,831)
depreciation written out to the Surplus/Deficit on the Provision of Services	0	0	0	0	0	0	0	0	0
Impairment losses/(reversals) recognised in the Revaluation Reserve	0	0	0	0	0	0	0	0	0
Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	5,327	5,516	0	0	0	0	0	10,843	5,366
Derecognition – disposals	0	512	316	0	0	0	0	828	0
Derecognition – other	0	0	0	0	0	0	0	0	0
Other movements in depreciation and impairment	0	(2)	0	0	(2)	18	0	14	0
31 March 2010	**0**	**(34,887)**	**(19,098)**	**(43,869)**	**(280)**	**(550)**	**0**	**(98,684)**	**(7,460)**
Net Book Value									
31 March 2009	**276,601**	**273,262**	**11,960**	**112,708**	**2,591**	**2,644**	**4,768**	**684,534**	**102,325**
31 March 2010	**265,288**	**279,837**	**11,064**	**115,456**	**3,092**	**2,513**	**3,783**	**681,034**	**94,865**

Depreciation

The following useful lives and depreciation rates have been used in the calculation of depreciation:

Asset Category	Years
Council Dwellings	50
Other Land and Buildings	60 (Maximum of 60 years, determined by the valuer)
Equipment	5
Vehicles	4-10 (varies according to class of vehicle)
Infrastructure	20

Revaluations

The Authority carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at fair value is revalued at least every five years. 2010/11 is the second year of the programme and valuations undertaken during 10/11 were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

The following table sets out the movement in the non current assets for the last five years.

	Council Dwellings	**Other Land and Buildings**	**Vehicles, Plant, Furniture and Equipment**	**Surplus Assets**	**Total**
Carried at historical cost	**£000**	**£000**	**£000**	**£000**	**£000**
Valued at fair value as at:					
31 March 2011	0	(1,410)	0	0	(1,410)
31 March 2010	(14,338)	(950)	0	0	(15,288)
31 March 2009	10,226	21,857	0	0	32,083
31 March 2008	17,806	3,504	0	0	21,310
31 March 2007	28,556	932	143	0	29,631
Total Cost or valuation	42,250	23,933	143	0	66,326

Note 14 - Investment Properties

The following items of income and expense have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement:

2009/10 £000		**2010/11 £000**
0	Rental income from investment property	**(84)**
0	Direct operating expenses arising from investment property	**8**
0	**Net gain/(loss)**	**(76)**

There are no restrictions on the Authority's ability to realise the value inherent in its investment property or on the Authority's right to the remittance of income and the proceeds of disposal. The Authority has no contractual obligations to purchase, construct or develop investment property or repairs, maintenance or enhancement.

The following table summarises the movement in the fair value of investment properties over the year:

2009/10 £000		**2010/11 £000**
3,830	Balance at start of the year	**3,831**
0	Additions, Purchases, Construction, Subsequent expenditure	**0**
(145)	Disposals	**0**
170	Net gain/losses from fair value adjustments	**209**
0	Transfers: To/From Property, Plant & Equipment	**(1,565)**
0	Transfers: To/From Assets Held for Sale	**(80)**
(24)	Other Changes	**0**
3,831	**Balance at end of the year**	**2,395**

Note 15 - Assets Held For Sale

	Current		Non Current	
	2010/11 £000	2009/10 £000	**2010/11 £000**	2009/10 £000
Balance outstanding at start of year	**0**	165	**160**	160
Assets newly classified as held for sale:	**0**	0	**536**	0
Property, Plant and Equipment	**0**	0	**0**	0
Intangible Assets	**0**	0	**0**	0
Investment Properties	**80**	0	**0**	0
Revaluation losses	**0**	0	**0**	0
Revaluation gains	**0**	0	**0**	0
Impairment losses	**0**	0	**0**	0
Assets declassified as held for sale:	**0**	0	**0**	0
Property, Plant and Equipment	**0**	0	**0**	0
Intangible Assets	**0**	0	**0**	0
Other assets/liabilities in disposal groups	**0**	0	**0**	0
Assets sold	**0**	(165)	**0**	0
Transfers from non-current to current	**160**	0	**(160)**	0
Other movements	**0**	0	**0**	0
Balance Outstanding at year-end	**240**	0	**536**	160

Note 16 – Long Term Debtors

2009/10 £000		**2010/11 £000**
451	Housing Advances	**407**
10,391	External Bodies (Debt)	**9,493**
220	Leases	**192**
516	Common Good	**501**
11,578	**Total Long Term Debtors**	**10,593**

Note 17- Inventories

2009/10 £000		**2010/11 £000**
523	Balance at start of the year	**780**
257	Movement in year	**(60)**
780	**Balance outstanding at year-end**	**720**

Note 18 – Short Term Debtors

2009/10 £000		**2010/11 £000**
1,511	Central Government bodies	**1,391**
2,239	Revenue & Customs	**4,148**
1,457	Police Joint Board	**1,742**
6,647	Council Tax	**6,941**
1,301	Housing Rents (Houses & Garages)	**1,329**
13,941	Other Miscellaneous	**16,194**
27,096	**Total Debtors**	**31,745**
	Less Bad Debt Provision	
(4,806)	Council Tax	**(5,244)**
(7)	Non Domestic Rates – Statutory Additions	**(1)**
(625)	Sales Ledger	**(616)**
(654)	Housing Rents	**(859)**
(6,092)	**Total Bad Debt Provision**	**(6,720)**
21,004	**Total Short Term Debtors**	**25,025**

Note 19 - Cash and Cash Equivalents

The balance of Cash and Cash Equivalents is made up of the following elements:

31 March 2010 £000		**31 March 2011 £000**
40	Cash held by the Authority	**39**
(2,425)	Bank Overdraft	**(4,637)**
0	Bank current accounts	**0**
16,810	Short-term deposits with banks / building societies	**4,939**
14,425	**Total Cash and Cash Equivalents**	**341**

Note 20 – Short Term Creditors

2009/10 £000		**2010/11 £000**
(6,207)	Payroll Related (NI, PAYE,Pension)	**(6,181)**
(6,081)	Employee Benefits (IFRS requirement)	**(6,247)**
(25,292)	Other Miscellaneous	**(28,662)**
(37,580)	Total Short Term Creditors	**(41,090)**

Note 21 - Provisions

	A92 Provision	Total
	£000	£000
Balance at 1 April 2010	(233)	**(233)**
Additional provisions made in 2010/11	0	**0**
Amounts used in 2010/11	2	**2**
Unused amounts reversed in 2010/11	138	**138**
Unwinding of discounting in 2010/11	0	**0**
Balance at 31 March 2011	**(93)**	**(93)**

Provision (A92)

The provision figure relates to compulsory purchase of land for the A92 dualling project.

Note 22 - Impairment Loses

During 2010/11, the council recognised no impairment losses other than those due to the reduction in fair value.

Note 23 - Usable Reserves

Movements in the Authority's usable reserves are detailed in the Movement in Reserves Statement and Note 6.

Note 24 - Unusable Reserves

31 March 2010 £000		**31 March 2011 £000**
30,874	Revaluation Reserve	**31,310**
409,086	Capital Adjustment Account	**411,072**
(2,728)	Financial Instruments Adjustment Account	**(2,524)**
(186,899)	Pensions Reserve	**(102,625)**
(6,081)	Accumulated Absences Account	**(6,247)**
244,252	**Total Unusable Reserves**	**330,986**

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Authority arising from increases in the value of its Property, Plant and Equipment (and Intangible Assets). The balance is reduced when assets with accumulated gains are:

- Re-valued downwards or impaired and the gains are lost
- Used in the provision of services and the gains are consumed through depreciation, or
- Disposed of and the gains are realised.

The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

2009/10 £000		**2010/11 £000**
39,629	Balance at 1 April	**30,874**
3,941	Upward revaluation of assets	**1,435**
(11,657)	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	**0**
0	Surplus or Deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	**0**
(1,039)	Difference between fair value depreciation and historical cost depreciation	**(999)**
0	Accumulated gains on assets sold or scrapped	**0**
0	Amount written off to the Capital Adjustment Account	**0**
30,874	**Balance at 31 March**	**31,310**

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Authority as finance for the costs of acquisition, construction and enhancement.

The Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Authority.

The Account also contains revaluation grains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

This table provides details of the source of all the transactions posted to the Account.

2009/10 £000		**2010/11 £000**
412,052	Balance at 1 April	**409,086**
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	
(34,594)	Charges for depreciation and impairment of non-current assets	**(30,092)**
0	Revaluation losses on Property, Plant and Equipment	**0**
0	Amortisation of intangible assets	**0**
0	Revenue expenditure funded from capital under statute	**0**
(1,845)	Amounts of non-current asses written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	**273**
1,039	Adjusting amounts written out of the Revaluation Reserve	**999**
0	Net written out amount of the cost non-current assets consumed in the year	**(192)**
	Capital financing applied in the year:	
1,650	Use of the Capital Receipts Reserve to finance new capital expenditure	**1,610**
0	Capital receipt for finance lease	**(22)**
9,898	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	**5,585**
0	Application of grants to capital financing from the Capital Grants Unapplied Account	**0**
9,686	Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	**10,392**
11,015	Capital expenditure charged against the General Fund HRA balances	**13,224**
185	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	**209**
409,086	**Balance at 31 March**	**411,072**

Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing difference arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions. The Authority uses the Account to manage premiums paid on the early redemption of loans. Premiums are debited to the Comprehensive Income and Expenditure Statement when they are incurred, but if appropriate are reversed out of the General Fund Balance to the Account in the Movement in Reverses Statement. Over time, the expense is posted back to the General Fund Balance in accordance with statutory arrangements for spreading the burden on council tax. In the Authority's case, this period is the unexpired term that was outstanding on the loans when they were redeemed. As a result, the balance of premiums currently on the Account at 31 March 2011 will be charged to the General Fund over the next 14 years.

2009/10 £000		**2010/11 £000**
(2,932)	Balance at 1 April	**(2,728)**
0	Premiums incurred in the year and charged to the Comprehensive Income and Expenditure Statement	**0**
200	Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements	**200**
4	Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	**4**
(2,728)	**Balance at 31 March**	**(2,524)**

Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post employment benefits and for funding benefits in accordance with statutory provisions. The Authority accounts for post employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Authority makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Authority has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

2009/10 £000		**2010/11 £000**
(81,657)	Balance at 1 April	**(186,899)**
(103,850)	Actuarial gains or losses on pensions assets and liabilities	**52,674**
(1,392)	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	**31,600**
0	Employer's pensions contributions and direct payments to pensioners payable in the year	**0**
(186,899)	**Balance at 31 March**	**(102,625)**

Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

2009/10 £000		**2010/11 £000**
(6,207)	Balance at 1 April	**(6,081)**
0	Settlement or cancellation of accrual made at the end of the preceding year	**0**
126	Amounts accrued at the end of the current year	**(166)**
0	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	**0**
(6,081)	**Balance at 31 March**	**(6,247)**

Note 25 - Capitalisation of Borrowing Costs

The Council has not capitalised any borrowing costs during 2010/11.

Note 26 - Termination Benefits

The council did not terminate any employee contracts in 2010/11.

Note 27 – Councillor Remuneration, Allowances and Expenses

The amount of Councillor Remuneration, Allowances and Expenses was £619k for the full year 2010/11. (£611k 2009/10).

Note 28 - Pensions Schemes Accounted for as Defined Contribution Schemes

Teachers employed by the council are members of the Scottish Teachers' Superannuation Scheme (STSS) administered by the Scottish Public Pensions Agency. The Scheme provides teachers with specified benefits upon their retirement, and the authority contributes towards the costs by making contributions based on a percentage of members' pensionable salaries.

In 2010/11, the employer's rate of contribution was 14.9% (14.9% in 2009/10) and the amount paid over in respect of employer's contributions was £6.660 million (£6.512 million in 2009/10). There were no contributions remaining payable at the year-end.

The council is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the teachers' scheme. These costs are accounted for on a defined benefit basis.

Note 29 - Defined Benefit Pension Schemes

Participation in Pension Schemes

As part of the terms and conditions of employment of its officers, the Authority makes contributions towards the cost of post employment benefits. Although these benefits will not actually be payable until employees retire, the Authority has commitment to make the payments that needs to be disclosed at the time that employees earn their future entitlement.

The council participates in the Local Government Pension Scheme (Scotland), administered locally by Dundee City Council – this is a funded defined benefit final salary scheme, meaning that the Authority and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.

In 2010/11 the council paid employer contributions totalling £13.541 million representing 19.5% of employees' pensionable pay.

Unfunded Discretionary Benefits

Arrangements for the award of discretionary post retirement benefits upon early retirement – this is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet these pensions liabilities, and cash has to be generated to meet actual pensions payments as they eventually fall due.

In 2010/11, the council paid £1.116 million representing 1.0% of pensionable pay in unfunded discretionary benefits (£1.150 million representing 1.0% in 2009/10). This sum related in the main to awards made in previous financial years. Eleven awards were made in 2010/11 amounting to £0.200 million (£0.200 million in 2009/10) in respect of retiring employees associated with management restructures.

Transactions Relating to Post-employment Benefits

The Council recognises the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge the Council is required to make against council tax is based on the cash payable in the year, so the real cost of post employment/retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year:

	Local Government Pension Scheme	
	2010/11 £000	2009/10 £000
Comprehensive Income and Expenditure Statement		
Cost of Services:		
Current service cost	**19,657**	10,419
Past service cost	**(41,420)**	302
Settlements and curtailments	**161**	276
Financing and Investment Income and Expenditure		
Interest cost	**27,550**	20,492
Expected return on scheme assets	**(22,962)**	(15,556)
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	**(17,014)**	15,933
Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	**0**	0
Actuarial gains and losses	**(52,674)**	103,850
Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	**(69,688)**	119,783
Movement in Reserves Statement		
Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code	**31,600**	(1,393)
Actual amount charged against the General Fund Balance for pensions in the year:	**0**	0
Employer's contributions payable to scheme	**13,541**	13,391
Retirement benefits payable to pensioners	**1,045**	1,149

The cumulative amount of actuarial gains and losses recognised in the Comprehensive Income and Expenditure Statement to the 31 March 2011 is a gain of £52.674m.

Assets and Liabilities in Relation to Post-employment Benefits

Reconciliation of present value of the scheme liabilities (defined benefit obligation)

	Local Government Pension Scheme	
	2010/11 £000	2009/10 £000
Opening balance at 1 April	**495,379**	305,146
Current service cost	**19,657**	10,419
Interest cost	**27,550**	20,492
Contributions by scheme participants	**4,647**	4,516
Actuarial gains and losses	**(50,721)**	167,754
Benefits paid	**(12,189)**	(12,581)
Past service costs	**(41,420)**	302
Unfunded pension payments	**(915)**	(945)
Losses / (Gains) on curtailments	**161**	276
Closing balance at 31 March	**442,149**	**495,379**

Reconciliation of fair value of the scheme assets

	2010/11 £000	2009/10 £000
Opening balance at 1 April	**308,480**	223,489
Expected rate of return	**22,962**	15,556
Actuarial gains and losses	**1,886**	64,078
Employer contributions	**14,653**	14,367
Contributions by scheme participants	**4,647**	4,516
Benefits paid	**(13,104)**	(13,526)
Closing balance at 31 March	**339,524**	308,480

Reconciliation of opening & closing surplus

	Year to 31 March 2011 £000	**Year to 31 March 2010 £000**
Surplus (Deficit) at beginning of the year	**(186,899)**	(81,657)
Current Service Cost	**(19,657)**	(10,419)
Employer Contributions	**13,738**	13,422
Unfunded pension payments	**915**	945
Past Service Costs	**41,420**	(302)
Other Finance Income	**(4,588)**	(4,936)
Settlements and Curtailments	**(161)**	(276)
Actuarial gains (losses)	**52,607**	(103,676)
Surplus (Deficit) at end of the year	**(102,625)**	(186,899)

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date. Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets.

The actual return on scheme assets in the year was £24.848m (2009/10:£79.634m)

Scheme History

	2010/11 £000	2009/10 £000	2008/09 £000	2007/08 £000	2006/07 £000
Present value of liabilities:	**(442,149)**	(495,379)	(305,146)	(344,152)	(363,521)
Fair value of assets in the Local Government Pension Scheme	**339,524**	308,480	223,489	302,055	305,455
Surplus/(deficit) in the scheme:	**(102,625)**	(186,899)	(81,657)	(42,097)	(58,066)
Experience adjustments on scheme liabilities	**1,272**	(234)	14,446	0	0
Percentage of Liabilities	**0.3%**	0.0%	4.7%	0	0
Experience adjustments on scheme assets	**1,886**	64,078	(106,974)	(36,401)	5,858
Percentage of assets	**0.6%**	20.8%	(47.9%)	(12.1%)	1.9%
Cumulative Acturial Gains & Losses	**(48,807)**	(101,414)	2,262	44,172	29,706

The liabilities show the underlying commitments that the authority has in the long run to pay post employment (retirement) benefits. The total liability of £442.149 m has a substantial impact on the net worth of the authority as recorded in the Balance Sheet, resulting in a negative overall balance of £102.625 m. However, statutory arrangements for funding the deficit mean that the financial position of the Authority remains healthy:

The deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees (ie before payments fall due), as assessed by the scheme actuary

Finance is only required to be raised to cover discretionary benefits when the pensions are actually paid.

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependant on assumptions about mortality rates, salary levels, etc. The Local Government Pension Scheme has been assessed by Barnett Waddingham and estimates for the fund are based on the latest full valuation of the scheme as 31 March 2008.

The principal assumptions used by the actuary have been:

	Local Government Pension Scheme	
	2010/11 £000	2009/10 £000
Long-term expected rate of return on assets in the scheme:		
Equity investments	**8.2%**	8.3%
Gilts	**4.4%**	4.5%
Other Bonds	**5.5%**	5.5%
Property	**5.4%**	5.5%
Cash	**3.0%**	3.0%
Mortality assumptions		
Life Expectancy from ages 65 years Retiring today:		
Men	**21.4**	21.4
Women	**24.4**	24.4
Life Expectancy from ages 65 years Retiring in 20 years:		
Men	**22.3**	22.3
Women	**25.3**	25.3
Rate of inflation (RPI)	**3.5%**	3.9%
Rate of Inflation (CPI)	**2.7%**	n/a
Rate of increase in salaries	**5.0.%**	5.4%
Rate for discounting scheme liabilities	**5.5%**	5.5%
Pension Increase	**2.7%**	3.9%

Assets

The Discretionary Benefits arrangements have no assets to cover its liabilities. The Local Government Pension Scheme's assets consist of the following categories, by proportion of the total assets held:

	31 March 2011	31 March 2010
Equities	**244,458**	222,106
Gilts	**23,767**	21,594
Other Bonds	**33,952**	30,848
Property	**30,557**	24,678
Cash	**6,790**	9,254

Statement of Recognised Income and Expenses

	Year to 31 March 2011 £000	Year to 31 March 2010 £000
Actual Return less expected return on pension scheme assets	**1,886**	64,078
Experience gains and losses	**1,272**	(234)
Changes in assumptions underlying the present value of the scheme liabilities	**49,449**	(167,520)
Actuarial gains (losses) in pension scheme	**52,607**	(103,676)
Increase (decrease) in irrecoverable surplus	**0**	0
Actuarial gains (losses) recognised in STRGL	**52,607**	(103,676)

Note 30 - Cash Flow Statement – Operating Activities

2009/10 £000		**2010/11 £000**
(6,004)	**Net surplus or (deficit) on provision of services**	**32,154**
	Adjust net surplus of (deficit) on the provision of services for non cash movements	
34,409	Depreciation	**30,282**
(38)	Increase / (Decrease) in Interest Creditors	**111**
(2,927)	Increase / (Decrease) in Creditors	**4,379**
639	(Increase) / Decrease in Interest Debtors	**(83)**
2,241	(Increase) / Decrease in Debtors	**(5,158)**
(154)	(Increase) / Decrease in Stock	**60**
1,393	Pension Liability	**(31,600)**
16,768	Other Non Cash Transactions	**629**
(613)	Contributions to / (from) provisions	**(140)**
3,837	Carrying amount of non-current assets sold	**3,879**
0	Movement in Investment Property Value	**(210)**
55,555	**Total Adjustment**	**2,149**
	Adjust for items included in the net surplus or (deficit) on the provision of services that are investing or financing activities	
0	Capital Grants credited to surplus / deficit on the provision of services	**(596)**
4	Premiums or discounts on the repayment of financial liabilities	**5**
(12,784)	Proceeds from the sale of PPE and intangible assets	**(3,840)**
(12,780)	**Total Adjustments**	**(4,431)**
36,711	**Net Cashflows from operating activities**	**29,872**

The cash flows for operating activities include the following items:

2009/10 £000		**2010/11 £000**
2,126	Interest received	**1,419**
(15,224)	Interest Paid	**(19,599)**
0	Dividends received	**0**

Note 31 - Cash Flow Statement – Investing Activities

2009/10 £000		**2010/11 £000**
(32,490)	Purchase of property, plant and equipment, investment property and intangible assets	**(31,100)**
(3,509)	Purchase of short-term and long-term investments	**(25,000)**
0	Other payments for investing activities	**0**
864	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	**4,153**
0	Proceeds from short-term and long-term investments	**0**
11,783	Other receipts from investing activities	**598**
(23,352)	**Net cash flows from investing activities**	**(51,349)**

Note 32 - Cash Flow Statement – Financing Activities

2009/10 £000		**2010/11 £000**
4,977	Cash receipts of short and long-term borrowing	**7,995**
814	Other receipts from financing activities	**822**
(1,521)	Cash Payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	**(1,379)**
0	Repayments of short and long-term borrowing	**(45)**
0	Other payments for financing activities	**0**
4,270	**Net cash flows from financing activities**	**7,393**

Note 33 - Related Parties

The authority is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the council or to be controlled or influenced by the council. Disclosure of these transactions allows readers to assess the extent to which the council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Authority.

Central Government
Central government has effective control over the general operations of the Authority – it is responsible for providing the statutory framework within which the Authority operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Authority has with other parties (e.g. council tax bills, housing benefits).

Other Public Bodies
The authority has pooled budget arrangements with Dundee City Council and Perth & Kinross Council in variety of areas. Transactions and balances outstanding are detailed in note 10.

Entities where Angus Council can apply significantly Influence

The Authority has significant interests in companies and relevant transactions and balances in the following two organisations. Transactions and balances are detailed in note 10.

- Angus Environment Trust (AET)
- Angus Community Care Charitable Trust (ACCCT)

Table 1 - Related Parties

During the year, transactions with related parties arose as follows:

	2009/10 Expenditure £000	2009/10 Income £000	**2010/11 Expenditure £000**	**2010/11 Income £000**
Central Government				
- General Government Grants	0	159,024	**0**	**167,183**
- Net contribution from NNDR Pool	0	46,242	**0**	**0**
- Housing & Council Tax Benefit Grant	0	29,179	**0**	**31,367**
Teachers' Pension Scheme	9,342	0	**9,549**	**0**
Police Board – Requisition	9,946	0	**8,587**	**0**
Fire & Rescue Board – Requisition	5,646	0	**4,709**	**0**
Joint Valuation – Requisition	827	0	**829**	**0**
Tayside Contracts – Share of Surplus and associated interest	0	248	**0**	**372**
Tayside Contracts – Contract etc.	20,178	0	**18,552**	**0**
Dundee City Council Pension Fund	17,917	0	**18,147**	**0**
Dundee City Council – DERL	861	250	**979**	**250**
Angus Community Care Charitable Trust				
- Contribution due to Trust	80	0	**53**	**0**
- Amounts due to Trust (rental income)	497	0	**608**	**0**
- Amounts due from Trust	0	318	**0**	**219**
Angus Environmental Trust				
- Landfill Tax Credit	109	0	**84**	**0**
- Various Minor Contracts	0	51	**0**	**82**
Resource transfer – NHS Tayside	0	5,287	**0**	**5,289**
Total	65,403	240,599	**62,097**	**204,762**

Table 2 - Related Parties (Debtors / Creditors)
Amounts at the end of the financial year, either due to or by the council, were all in accordance with normal business and there were no material issues as to the question of the amounts being properly due.

	2009/10 Debtors £000	2009/10 Creditors £000	**2010/11 Debtors £000**	**2010/11 Creditors £000**
Central Government				
- General Government Grants	0	0	**0**	**0**
- Net contribution from NNDR Pool	0	0	**0**	**992**
- Housing & Council Tax Benefit Grant	884	0	**742**	**0**
- Teachers' Pension Scheme	771	0	**795**	**0**
Police Board – Requisition	0	0	**28**	**0**
Fire & Rescue Board – Requisition	0	0	**0**	**0**
Joint Valuation – Requisition	0	0	**0**	**0**
Tayside Contracts – Share of Surplus and associated interest	248	0	**372**	**0**
Tayside Contracts – Contract etc.	0	514	**0**	**2,236**
Dundee City Council Pension Fund	0	1,484	**1,485**	**0**
Angus Community Care Charitable Trust				
- Contribution due to Trust	0	12	**0**	**13**
- Amounts due to Trust (rental income)	0	32	**0**	**90**
- Amounts due from Trust	1	0	**55**	**0**
Angus Environmental Trust				
- Landfill Tax Credit	0	25	**18**	**67**
Total	1,904	2,067	**3,495**	**3,398**

Note 34- PFI and Similar Contracts

Angus Council has entered into three Public Private Partnerships as follows:-

A92 Dual Carriageway
The Council entered into a 30 year contract to facilitate dualling of the A92 between Arbroath and Dundee which had a works value in the order of £50m with the road opening to traffic on 27 September 2005. 2010/11 was the 6th year of the contract which is due to conclude in financial year 2035/36. Under the contract, the contractor took on the obligation to carry out the construction works and to maintain the road thereafter. The Council only has rights to terminate the contract if it compensates the contractor in line with the terms of the contract.

There were no changes to the contractual arrangements during 2010/11.

Beech Hill House, Forfar
The Council entered into a 25 year joint arrangement with NHS Tayside for the refurbishment and provision of Beech Hill House which had a works value in the order of £1.9m and was made available to the Council on 21 March 2005. 2010/11 was effectively the 6th year of the arrangement which is due to conclude in financial year 2029/30. Under the arrangement, Beech Hill House was incorporated within a wider PFI project and contract being undertaken by NHS Tayside, whereby the contractor took on the obligation to carry out the refurbishment works and to maintain the property thereafter. The Council only has rights to terminate the arrangement if it compensates the contractor in line with the terms of the contract.

There were no changes to the contractual arrangements during 2010/11.

Forfar / Carnoustie Schools

The Council entered into a 30 year contract to facilitate refurbishment and replacement of 7 schools in Forfar and Carnoustie and these became operational as follows: Woodlands PS (4 October 2007); Strathmore PS (16 January 2008); Burnside PS (20 February 2008); Whitehills PS (29 February 2008); Carlogie PS (7 November 2008); Carnoustie HS (5 December 2008); and Langlands (23 April 2009). The operational contract period began with the provision of the first school and 2010/11 was therefore the 4th year of the contract which is due to conclude in financial year 2037/38. Under the contract, the contractor took on the obligation to carry out the construction and refurbishment works and to maintain the properties thereafter. The Council only has rights to terminate the contract if it compensates the contractor in line with the terms of the contract.

There were no changes to the contractual arrangements during 2010/11.

Property, Plant and Equipment

The assets used to provide services at the schools are recognised on the Council's balance sheet. Movements in their value over the year are contained within the analysis of the movements on the Property, Plant and Equipment balance in Note 13.

The following analysis provides more detail in respect of the assets and movements within Note 13.

	A A92 Dual Carriageway £000	**B Beech Hill House £000**	**C Schools £000**	**Totals £000**
Gross Book Value at 31 March 2010	53,540	2,200	46,585	102,325
Additions	0	0	0	0
Expenditure	0	3	130	133
Revaluations	0	0	0	0
Impairment	0	0	0	0
Gross Book Value at 31 March 2011	53,540	2,203	46,715	102,458
Depreciation at 31 March 2010	(7,460)	0	0	(7,460)
Charge for year	(2,304)	(33)	(710)	(3,047)
Write back on revaluations	0	0	0	0
Write back on impairments	0	0	0	0
Depreciation at 31 March 2011	(9,764)	(33)	(710)	(10,507)
Net Book Value at 31 March 2010	46,080	2,200	46,585	94,865
Net Movements detailed above	(2,304)	(30)	(580)	(2,914)
Net Book Value at 31 March 2011	43,776	2,170	46,005	91,951

Liabilities and Payments

The following liabilities result from the Council's Public Private Partnerships and are contained within the long term liabilities on the Council's balance sheet.

	A A92 Dual Carriageway £000	**B Beech Hill House £000**	**C Schools £000**	**Totals £000**
Liability at 31 March 2010	50,313	1,694	41,585	93,592
Additions	0	0	0	0
Repayment of liability for year	(857)	(68)	(436)	(1,361)
Liability at 31 March 2011	49,456	1,626	41,149	92,231

The Council makes an agreed payment each year which is adjusted each year by inflation and can be reduced if the contractor fails to meet availability and performance standards as set out in the contract. The payment made each year is otherwise fixed.

Payments remaining to be made under the 3 PFI contracts at 31 March 2011 (excluding any allowance for availability or performance reductions but including application of an assumed 2.5% inflation per annum) are as follows:

	A **A92 Dual Carriageway** **£000**	**B** **Beech Hill House** **£000**	**C** **Schools** **£000**	**Totals** **£000**
Payments due within 1 year (2011/12)				
Repayment of liability	1,005	46	489	1,540
Finance costs	4,167	175	3,226	7,568
Service charges (inc. life cycle replacement costs)	930	105	1,805	2,840
Total payments due within 1 year	6,102	326	5,520	11,948
Payments due within 2 to 5 years (2012/13 to 2015/16)				
Repayment of liability	4,773	198	2,384	7,355
Finance costs	17,238	718	12,639	30,595
Service charges (inc. life cycle replacement costs)	3,959	472	7,901	12,332
Total payments due within 2 to 5 years	25,970	1,388	22,924	50,282
Payments due within 6 to 10 years (2016/17 to 2020/21)				
Repayment of liability	6,055	222	3,335	9,612
Finance costs	21,858	902	14,838	37,598
Service charges (inc. life cycle replacement costs)	8,403	817	12,479	21,699
Total payments due within 6 to 10 years	36,316	1,941	30,652	68,909
Payments due within 11 to 15 years (2021/22 to 2025/26)				
Repayment of liability	8,339	483	5,873	14,695
Finance costs	23,211	940	13,633	37,784
Service charges (inc. life cycle replacement costs)	9,551	773	13,521	23,845
Total payments due within 11 to 15 years	41,101	2,196	33,027	76,324
Payments due within 16 to 20 years (2026/27 to 2030/31)				
Repayment of liability	13,966	677	9,085	23,728
Finance costs	25,451	778	10,861	37,090
Service charges (inc. life cycle replacement costs)	7,082	508	15,641	23,231
Total payments due within 16 to 20 years	46,499	1,963	35,587	84,049
Payments due within 21 to 25 years (2031/32 to 2035/36)				
Repayment of liability	15,318	0	13,776	29,094

Finance costs	20,434	0	6,796	27,230
Service charges (inc. life cycle replacement costs)	11,332	0	17,772	29,104
Total Payments due within 21 to 25 years	47,084	0	38,344	85,428
Payments due within 26 to 30 years (2036/37 to 2040/41)				
Repayment of liability	0	0	6,207	6,207
Finance costs	0	0	1,124	1,124
Service charges (inc. life cycle replacement costs)	0	0	6,400	6,400
Total payments due within 26 to 30 years	0	0	13,731	13,731
Total Payments Due				
Repayment of liability	49,456	1,626	41,149	92,231
Finance Costs	112,359	3,513	63,117	178,989
Service charges (incl. life cycle replacement costs)	41,257	2,675	75,519	119,451
Total Payments Due	203,072	7,814	179,785	390,671

Note 35 - Leases
Authority as Lessee -Finance Leases

The Council has acquired 2 buildings under finance leases.

The assets acquired under these leases are carried as Property, Plant and Equipment in the Balance Sheet at the following net amounts:

	31March 2010 £000	**31 March 2011 £000**
Other Land and Buildings	503	**480**
Vehicles, Plant, Furniture and Equipment	0	**0**

The Authority is committed to making minimum payments under these leases comprising settlement of the long-term liability for the interest in the property acquired by the Authority and finance costs that will be payable by the Authority in future years while the liability remains outstanding. The minimum lease payments are made up of the following amounts:

	31 March 2010 £000	**31 March 2011 £000**
Finance lease liabilities:		
- Current	16	**17**
- Non-current	508	**491**
Finance costs payable in future years	362	**341**
Minimum lease payments	886	**849**

The minimum lease payments will be payable over the following periods:

	Minimum Lease Payments		**Finance Lease Liabilities**	
	31 March 2010 £000	**31 March 2011 £000**	31 March 2010 £000	**31 March 2011 £000**
No later than one year	42	**42**	18	**17**
Later than one year and not later than five years	167	**167**	58	**75**
Later than five years	677	**640**	466	**415**
Totals	886	**849**	542	**507**

The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. As at the balance sheet date, no contingent rents are, or are expected to be, payable by the Authority.

Operating Leases

The Authority has acquired a number of automated public conveniences by entering into operating leases, with typical lives of five years.

The future minimum lease payments due under these non-cancellable leases in future years are:

	31 March 2010 £000	**31 March 2011 £000**
No later than one year	36	**39**
Later than one year and not later than five years	71	**39**
Later then five years	0	**0**
Totals	107	**78**

The expenditure charged to the Environmental Management line in the Comprehensive Income and Expenditure Statement during the year in relation to these leases was:

	2009/10 £000	**2010/11 £000**
Minimum lease payments	36	**36**

Authority as Lessor - Finance Leases

The Council has leased out 4 properties on finance leases.

The Authority has a gross investment in the leases, made up of the minimum lease payments expected to be received over the remaining term and the residual value anticipated for the properties when the leases come to an end. The minimum lease payments comprise settlement of the long-term debtors for the interest in the properties acquired by the lessee and finance income that will be earned by the Authority in future years whilst the debtor remains outstanding. The gross investment is made up of the following amounts:

	31 March 2010 £000	**31 March 2011 £000**
Finance lease debtors:		
- Current	6	**5**
- Non-current	17	**12**
Unearned finance income	44	**34**
Unguaranteed residual values	195	**180**
Gross Investment in the Lease	262	**231**

The minimum lease payments will be payable over the following periods:

	Gross Investment		Minimum Lease Payments	
	31 March 2010 £000	**31 March 2011 £000**	31 March 2010 £000	**31 March 2011 £000**
No later than one year	18	**18**	18	**18**
Later than one year and not later than five years	244	**213**	49	**33**
Later than five years	0	**0**	0	**0**
Totals	262	**231**	67	**51**

The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. As at the balance sheet date, no contingent rents are, or are expected to be, receivable by the Authority.

Operating Leases

The Authority does not lease out any assets under operating leases.

Note 36 - Capital Commitments

At 31 March 2011, the Authority has entered into a number of contracts for the construction, enhancement or purchase of Property, Plant and Equipment in 2011/12 and future years budgeted to cost £29.490m. Similar commitments at 31 March 2010 were £16.8m. The major commitments are: A935 Brechin to Montrose Road RAP (£1.120m); A92 Arbroath to Lower Northwater Bridge RAP (£2.638m); Montrose Swimming Pool Replacement (£7.848m); Kinloch Care Centre & Supported Housing (£7.627m); and Heating Installation / Replacement in Arbroath / Carnoustie housing stock (£1.150m).

Note 37 - Construction Contracts

At 31 March 2011 the Authority had no construction contracts in progress on behalf of any other party. Accordingly no entries were due to be accrued or disclosed in the Council's accounts. The same position existed at 31 March 2010.

Note 38 - Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases and PFI/PP contracts), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Authority, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Authority that has yet to be financed. The CFR is analysed in the second part of this note.

Movement in Year	**2010/11 £000**	2009/10 £000
Opening Capital Financing Requirement	**257,101**	250,042
Capital Investment:		
• Property, Plant and Equipment	**30,053**	42,408
• Investment Properties	**0**	0
• Intangible Assets	**0**	0
• Revenue Expenditure Funded from Capital under Statute	**0**	0
Sources of Finance:		
• Capital Receipts	**(3,839)**	(2,059)
• Government Grants and other Contributions	**(7,515)**	(11,291)
Sums set aside from revenue:		
• Direct revenue contributions	**(13,190)**	(11,319)
• Loans Fund Principal	**(9,861)**	(9,161)
• Repayment of Liability – Finance Lease / PFI & PPP	**(1,378)**	(1,519)
Closing Capital Financing Requirement	**251,371**	257,101
Explanation of Movements in year		
Increase / (decrease) in underlying need to borrowing (supported by government financial assistance)	**(4,760)**	8,978
Increase / (decrease) in underlying need to borrowing (unsupported by government financial assistance)	**408**	(400)
Movement in liability of assets acquired under finance leases	**(17)**	(16)
Movement in liability of assets acquired under PFI/PPP contracts	**(1,361)**	(1,503)
Increase/(Decrease) in Capital Financing Requirement	**(5,730)**	7,059

Capital Expenditure on Services

	2009/10 Actual £000	**2010/11 Actual £000**	**2010/11 Budget £000**
CAPITAL EXPENDITURE ON SERVICES			
Education	6,149	**3,422**	**3,425**
Social Work & Health	407	**33**	**(43)**
Infrastructure Services			
Directorate	69	**0**	**0**
Economic Development and Environmental & Consumer Protection	955	**1,246**	**1,968**
Planning & Transport	1,183	**933**	**928**
Roads	8,967	**10,028**	**11,159**
Neighbourhood Services			
Headquarters	5	**14**	**12**
Cultural Services	190	**222**	**440**
Environmental Management	1,805	**3,321**	**4,072**
Leisure Services	507	**768**	**936**
Other Housing	21	**0**	**0**
Housing Revenue Account	9,621	**8,488**	**9,833**
Corporate Services	3,631	**1,444**	**1,771**
Advances			
Council House Purchase	0	**0**	**0**
Private House Purchase	0	**0**	**0**
Housing Associations	0	**0**	**0**
TOTAL CAPITAL EXPENDITURE	33,510	**29,919**	**34,501**
FINANCING OF CAPITAL EXPENDITURE			
Sale of Assets	2,059	**3,838**	**4,321**
Government Grants & Other Contributions	11,291	**7,515**	**7,071**
Contribution from Revenue	10,993	**13,052**	**11,592**
Local Capital Fund	326	**5**	**7**
Advances from Loans Fund	8,841	**5,509**	**11,510**
TOTAL CAPITAL FINANCING	33,510	**29,919**	**34,501**

Note 39 – 2010/11 Budget

The 2010/11 budget shown for General Fund departments is the monitoring budget for the year adjusted to exclude non-enhancing items of expenditure. The 2010/11 budget for the Housing Revenue Account is the monitoring budget for the year.

Note 40 - Financial Instruments

The 2010 International Financial Reporting Standards (IFRS) require the Council to make disclosures in respect of its financial instruments, which in the main comprise the borrowing, lending, investments, creditors, and debtors of the Council. The purpose if these disclosures are to provide information regarding:

- the significance of financial instruments for the Council's financial position and performance; and
- the nature and extent of risks arising from financial instruments to which the Council is exposed and how the Council manage those risks.

Analysis of Financial Instruments

Financial instrument items carried on the Balance Sheet can be categorised as disclosed below.

	Long Term		Current	
	31 March 2010 £000	**31 March 2011 £000**	31 March 2010 £000	**31 March 2011 £000**
Borrowings				
Financial liabilities at amortised cost	154,264	**162,260**	47,453	**3,257**
Financial liabilities at fair value through profit and loss	0	**0**	0	**0**
Total Borrowings	154,264	**162,260**	47,453	**3,257**
Investments				
Loans and receivables	11,578	**10,593**	54,444	**49,172**
Available-for-sale financial assets	10	**10**	0	**0**
Fair value through Profit and Loss	0	**0**	0	**0**
Unquoted equity under available-for-sale	0	**0**	0	**0**
Total investments	11,588	**10,603**	54,444	**49,172**

LOBO's (Lender Option, Borrower Option loans) amounting to £16million are included in long term borrowing with a call date in the next 12 months however the long term figures above assume that in arriving at the amortised cost for a LOBO, the maturity period of a LOBO is taken as the contractual period to maturity.

The loans and receivables are stated on the basis of amortised cost. The available-for-sale financial assets are not considered to be material. No fair value calculation has therefore been carried out and the historic cost value has been included as the fair value.

Financial liabilities at amortised cost include long term borrowing of £162.260m as per the balance sheet. An additional £2.000m of borrowing is due to mature within 2011/12 and is therefore included within the current category in this note.

Analysis of Gains / Losses in respect of Financial Instruments

The gains and losses recognised in the Income and Expenditure Account and movements in reserves in relation to financial instruments are disclosed below.

		Financial Year 2010/11			2009/10
		Financial Assets		Total	Total
	Financial Liabilities Measured at amortised cost £000	Loans and receivables £000	Available-for-sale assets £000	£000	£000
Interest expense	(7,954)	0	0	(7,954)	(7,541)
Losses on derecognition	(203)	0	0	(203)	(522)
Impairment losses	0	0	0	0	0
Interest payable and similar charges	(8,157)	0	0	(8,157)	(8,063)
Interest income	0	1,200	0	1,200	1,428
Gains on derecognition	3	0	0	3	191
Interest and investment income	3	1,200	0	1,203	1,619
Gains on revaluation	0	0	0	0	0
Losses on revaluation	0	0	0	0	0
Amounts to the I&E account after impairment	0	0	0	0	0
Surplus from revaluation of financial assets	0	0	0	0	0
Net gain /(loss) for the year	(8,154)	1,200	0	6,954	(6,444)

Entries have only been included above for categories with non-zero values in the analysis of financial instruments.

Fair Value of Financial Assets and Liabilities Carried At Amortised Cost

Financial liabilities and loans and receivables are carried on the Balance Sheet at amortised cost. Their fair values have been assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments. The discount rate utilised should equal the current rate in relation to the same instrument from a comparable lender. This has been assumed to be the rate applicable in the market on the date of valuation, for an instrument of the same duration as the outstanding period from valuation date to maturity. Discount rates have therefore been determined by applying the following principles:

- For PWLB debt, the discount rate used is the rate for new borrowing as per the rate sheet number 126/11 as this excludes the margin included in the premature repayment rate, which represents the lender's profit as a result of debt rescheduling, as any motivation other than securing a fair price should be ignored;

- In respect of LOBO debt and market lending, discount rates equal the rates available for an equivalent instrument, with equivalent terms from a comparable lender;

- In respect of the long term debtors, the discount rates used are those applicable to PWLB new borrowing for a period equal to the remaining period of the long term debtor, as taken from PWLB rate sheet number 126/11;

- Long term investments are carried on the Balance Sheet at historic cost but are not material. No fair value calculation has therefore been carried out and the amortised cost value has been included as the fair value;
- Accrued interest has been included in the fair value;
- No early repayment or impairment has been allowed within the fair value calculations;
- No adjustments have been made where any relevant dates fall on a non-working day; and
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

Applying these principles, the fair value of financial liabilities carried at amortised cost are disclosed below.

				31 March 2011		31 March 2010	
	Carrying Amount £000	**Less LOBO Accounting Adjustments £000**	**Add Accrued Interest £000**	**Comparison Amount £000**	**Fair Value £000**	**Comparison Amount £000**	**Fair Value £000**
PWLB	**131,721**	**0**	**1,139**	**132,860**	**129,675**	123,603	133,342
LOBO's	**30,539**	**539**	**118**	**30,118**	**34,394**	30,661	35,810
Creditors	**41,090**	**0**	**0**	**41,090**	**41,090**	37,580	37,580
Short term borrowing	**6,256**	**0**	**0**	**6,256**	**6,272**	7,448	7,448
Bank overdraft	**4,637**	**0**	**0**	**4,637**	**4,637**	2,425	2,425
Total financial liabilities	**214,243**	**539**	**1,257**	**214,961**	**216,068**	201,717	216,605

All of the of the Council's PWLB and LOBO loan portfolio are fixed rate, fixed term loans. The fair value of PWLB loans is less than the carrying amount as the Council's PWLB loan portfolio comprises a significant number of loans with fixed rates which are lower than the rates available for similar PWLB loans at the Balance Sheet date. The fair value of LOBOs are higher than the carrying value as the LOBOs comprise fixed rates that are lower than those available in the market at the balance sheet date.
Comparable fair value figures are shown for financial year 2009/10.

Again applying the above principles, the fair value of financial assets carried at amortised cost are disclosed below.

	31 March 2010		31 March 2011	
	Carrying Amount £000	**Fair Value £000**	**Carrying Amount £000**	**Fair Value £000**
Bank deposits of 7 days or less	16,810	16,810	**6,948**	**6.948**
Deposits with Banks and Building Societies	19,111	19,143	**42,185**	**42,247**
Long term debtors	11,588	7,269	**10,603**	**7,445**
Debtors	18,523	18,523	**22,160**	**22,160**
Total financial assets	66,032	61,745	**81,896**	**78,800**

All of the Council's bank and building society deposits are fixed rate, fixed term deposits of 1 year or less. The fair value of these deposits is greater than the carrying amount as the Council's deposit portfolio contains a number of deposits with fixed rates which are higher than the rates available for similar deposits at the Balance Sheet date.

In respect of long term debtors, the fair value is less than the carrying value as the present value of the future cash flows from these debtors are worth less to the Council as a result of the effects of inflation.

Note 41 - Nature and Extent of Risks Arising from Financial Instruments

The Council's activities expose it to a variety of financial risks in respect of financial instruments and in particular the following:

- credit risk - the possibility that other parties might fail to pay amounts due to the Council;
- liquidity risk - the possibility that the Council might not have funds available to meet its commitments to make payments; and
- market risk - the possibility that financial loss might arise for the authority as a result of changes in such measures as interest rates and stock market movements.

The management of the Council's treasury position is focused on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Management of the treasury position is carried out centrally within the Finance Division and the Council has fully adopted the CIPFA Code of Treasury Management Practices in this regard. In line with this Code, the Council Strategy for the management of financial risks is supported by written policies and procedures covering areas such as credit, liquidity and market risks. These areas are expanded upon below.

Credit Risk

Credit risk arises primarily from deposits with banks and other financial institutions, but also arises from credit exposures to the Council's customers. Deposits are only made with banks or other financial institutions which have been assessed independently by the Council's Treasury Management advisers as being sufficiently secure and which have a minimum Fitch long term rating of A and a minimum Fitch short term rating of F1.

The Council in accordance with the CIPFA Revised Code of Practice in Treasury Management 2009 has an Annual Treasury Management Strategy in place as part of this strategy the determination of the levels of investments placed with permitted counterparties is set

In respect of the financial year 2010/11 the following limits were applied:

- A maximum of up to £10million can be placed with any suitably rated institution
- A maximum of £12.5million can be placed with any one of the Nationalised or part Nationalised Banks however 100% of the Council’s investments can be placed with these counterparties.

The one exception to the above mentioned limits is the Council’s own bank - currently the Clydesdale Bank – for which an overall investment limit of £20million is proposed for operational reasons. However, the £20million limit applies only to investments of up to one month. Within the £20million investment limit a maximum of £10million can be invested for a longer term (i.e. over one month) in line with other suitably rated counterparties.

The following analysis summarises the Council's potential maximum exposure to credit risk, based on past experience of default and uncollectability and experience and advice in respect of current market conditions.

	Amounts at 31 March 2011	**Historical experience of default**	**Historical experience adjusted for market conditions at 31 March 2011**	**Estimated maximum exposure – default etc**
	£000	**%**	**%**	**£000**
Deposits with the Council’s main bank	6,939	0	0	0
Deposits with other banks	40,000	0	0	0
Deposits with Building Societies	2,000	0	0	0
Customers	8,232	1.05	1.03	85
Totals	57,171	1.05	1.03	85

No credit limits were exceeded during the year and the Council does not expect any losses from non-performance of any of its counterparties in relation to deposits and bonds.

The Council does not generally give credit for customers and in this regard it can be reported that £3.265m of the £8.232m customer debt balance is past its due date for payment. The past due date amount can be analysed by age as follows:

	31 March 2011 £000
Less than 3 months	**1,932**
3 to 6 months	**145**
6 months to 1 year	**197**
More than 1 year	**991**
Total	**3,265**

Liquidity Risk

As the Council has ready access to borrow funds from the Public Works Loans Board (PWLB), there is no significant risk that the Council will be unable to raise funds to meet its commitments under financial instruments. The risk instead is that the Council may have to replenish a significant proportion of its borrowing at a time when interest rates may not be favourable. In accordance with the CIPFA Treasury Management Code of Practice, the Council has a policy in respect of upper and lower limits with regard to the maturity structure of fixed rate borrowing. The limits are set with the amount of fixed rate borrowing maturing in each period expressed as a percentage of total fixed rate borrowing as set out in the following table below.

	Upper Limit %	**Lower Limit %**
Under 1 year	25	0
1 year and within 2 years	25	0
2 years and within 5 years	50	0
5 years and within 10 years	50	0
10 years and above	100	50

In conjunction with the Council's Treasury Management advisers, the Head of Finance adopts a pro-active management of the Council's borrowings to ensure that the above limits are observed. This is achieved through the careful planning of the timing of new loans taken out and the early repayment of existing borrowings where conditions are favourable.

The maturity structure of the Council's financial liabilities is as follows, stated using carrying values.

	Carrying Amount £000	**Less Lobo Accounting £000**	**Loan Value 31 March 11 £000**	Loan Value 31 March 10 £000
Loans Outstanding				
PWLB	**133,721**	**0**	**133,721**	125,722
LOBO's - European Banks	**16,539**	**(539)**	**16,000**	16,000
LOBO's - UK Banks	**14,000**	**0**	**14,000**	14,000
Total	**164,260**	**(539)**	**(163,721)**	155,722
Maturity Structure				
Less than 1 year	**2,000**	**0**	**2,000**	2,000
Between 1 and 2 years	**2,500**	**0**	**2,500**	2,000
Between 2 and 5 years	**21,038**	**0**	**21,038**	16,241
Between 5 and 10 years	**18,889**	**0**	**18,889**	19,710
Over 10 years	**119,833**	**(539)**	**119,294**	115,771
Total	**164,260**	**(539)**	**163,721**	155,722

The 2009/10 figures are shown for comparison

In the over 10 years category there are LOBO's with a Loan Value totalling £16m which have a call date in the next 12 months.

All trade and other payables are due to be paid in less than 1 year.

Market Risk - Interest Rate Risk

The Council could be exposed to interest rate movement risk in respect of its borrowings and investments. For example a rise in interest rates could have the following effects:

- borrowings at variable rates - interest expenses charged to the I&E Account would increase;
- borrowings at fixed rates - no change in interest expenses but fair values would decrease;
- investments at variable rates - interest income credited to the I&E Account would increase; and
- investments at fixed rates - no change in interest income but fair values would decrease.

The Council currently has no variable rate borrowings or investments and consequently is not currently exposed to interest rate risk. Additionally all borrowings and investments (with the exception of a small amount of long term investments) are carried at amortised cost and not fair value. There are consequently no impacts on either the Comprehensive Income & Expenditure Statement, the notes to the accounts or Movements in Reserves statement in respect of interest rate risk.

Market Risk - Price Risk

The Council does not generally invest in equity shares but does hold some minor long term investments as available-for-sale. As these investments have arisen as a result of bequests, the Council is not in a position to limit its exposure to price risk by diversifying its portfolio. As the amount held is relatively negligible (£10k), there is not considered to be any real risk to the Council in this regard, although the impact of any material gains or losses would be recognised through the notes to the accounts or the Movements in Reserves statement.

Market Risk - Foreign Exchange Risk

The Council has no financial assets or liabilities denominated in foreign currencies and thus has no exposure to loss arising from movements in foreign exchange rates.

Note 42 - Contingent Assets

Angus Council received a capital receipt of £1,810, 000 in respect of the sale of St James House, Forfar. In accordance with the terms of the sale, an amount of £300,000 is being held in an escrow account, accessible by the developer to cover any remedial land works that may be required. As receipt of this £300,000 balance is dependant on future events and is not within the control of the Council, no debtor has been taken in to the 2010/11 accounts.

Note 43 - First time adoption of International Financial Reporting Standards

These financial statements have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2010/11. The Code requires that for the first time, Local Authority accounts in 2010/11 should be prepared in accordance with International Financial Reporting Standards (except in instances where the Code allows departures), and the comparative figures for the 2008/09 and 2009/10 Balance Sheets as well as the 2009/10 Comprehensive Income and Expenditure Statement should be restated from UK Generally Accepted Accounting Principles (UK GAAP) where required. The reconciliation to IFRS from the previous UK GAAP accounts is summarised in the tables below.

Although the general requirement is to apply the requirements of IFRS retrospectively, IFRS 1 permits limited exceptions to this requirement. The Code clearly specifies which exemptions from retrospective application are available to local authorities. Therefore, the council has made use of the following exemptions available under the Code:

Depreciated Historical Cost - The Revaluation Reserve was first introduced in the SORP on 1 April 2007. As part of the transition arrangements to the Revaluation Reserve, the SORP required the reserve to be established with a zero balance on 1 April 2007. The carrying amounts of an authority's assets were deemed to be their depreciated historical cost. The 2010/11 Code preserves this treatment. Paragraph 10.1.1.8 of the Code states that the depreciated historical cost of an asset at 1 April 2009 (the transition date) is its depreciated historical cost at 31 March 2009 under the SORP. With the exception of assets where the carrying amount is restated due to other accounting policy changes (for example, leased assets and non-current assets held for sale), authorities should carry forward depreciated historical cost figures without any restatement. Without this exception, the retrospective application of IAS 16 would have required authorities to have estimated the revaluation reserve balance for each item of property, plant and equipment based on the transactions and events that had occurred since the asset was recognised on the Balance Sheet.

IFRIC 4 Determining Whether an Arrangement Contains a Lease - IFRIC 4 requires authorities to review their contractual arrangements and assess whether these contracts contain, in substance, a lease. Where this is the case, authorities will need to separate the lease from the remainder of the contract, and account for the lease in accordance with IAS 17 and the Code. Where arrangements were in place prior to 1 April 2009 (the transition date), the Code requires authorities to make the assessment of whether an arrangement contains a lease based on the facts and circumstances existing at that date (ie 1 April 2009). This approach has been taken due to the complex nature of such arrangements, and the difficulties of establishing what information would have been available at the inception of the arrangement. Instead, authorities can rely on the information available about conditions applying at the transition date.

Restatement of 2008/09 UK GAAP Balance Sheet on an IFRS basis

	2008/09 UK GAAP Balance sheet £000	Adj 1	Adj 2	Adj 3	Adj 4	Adj 5	Adj 6	Adj 7	Adj 8	IFRS Balance 1 April 09 £000
Non-Current Assets										
PPE – Council Dwellings	266,375	0	0	0	0	0	10,226	0	0	**276,601**
PPE – Other	399,589	0	0	751	181	0	0	0	0	**400,521**
PPE – Surplus Assets	0	0	0	0	2,644	0	0	0	0	**2,644**
Investment Property	4,975	0	(220)	(940)	15	0	0	0	0	**3,830**
Assets under Construction	4,768	0	0	0	0	0	0	0	0	**4,768**
Assets Held for Sale	3,287	0	0	0	(3,127)	0	0	0	0	**160**
Long Term Assets										
Investments	10	0	0	0	0	0	0	0	0	**10**
Debtors	12,322	0	220	0	0	0	0	0	0	**12,542**
Current Assets										
Stock	626	0	0	0	0	0	0	0	0	**626**
Debtors	23,108	0	0	0	0	0	0	0	0	**23,108**
Investments	33,051	0	0	0	0	0	0	(301)	0	**32,750**
Assets Held for Sale	0	0	0	0	165	0	0	0	0	**165**
Cash and Bank/ Cash and Cash Equivalents	38	0	0	0	0	0	0	(38)	0	**0**
Current Liabilities										
Borrowing	(5,506)	0	0	0	0	0	0	0	0	**(5,506)**
Short Term Creditors	(33,418)	0	0	0	0	(6,207)	0	0	0	**(39,625)**
Provisions	0	0	0	0	0	0	0	0	(393)	**(393)**
Cash and Bank/ Cash and Cash Equivalents	(3,603)	0	0	0	0	0	0	339	0	**(3,264)**
Long Term Liabilities										
Borrowing	(151,268)	0	0	0	0	0	0	0	0	**(151,268)**
Other LT Liability	(167,597)	0	0	0	0	0	0	0	0	**(167,597)**
Government Grant Deferred	(42,504)	42,504	0	0	0	0	0	0	0	**0**
Provisions	(846)	0	0	0	0	0	0	0	393	**(453)**
Long Term Creditors										
Total Assets Less Liabilities	343,407	42,504	0	(189)	(122)	(6,207)	10,226	0	0	**389,619**
Reserves										
General Fund	18,804	0	0	0	0	0	0	0	0	**18,804**
HRA General Fund	1,174	0	0	0	0	0	0	0	0	**1,174**
Other Useable	6,264	0	0	0	0	0	0	0	0	**6,264**
Capital Receipts	2,492	0	0	0	0	0	0	0	0	**2,492**
FIAA	(2,932)	0	0	0	0	0	0	0	0	**(2,932)**
Pension	(81,657)	0	0	0	0	0	0	0	0	**(81,657)**
Revaluation Reserve	29,388	0	0	15	0	0	10,226	0	0	**39,629**
Capital Adjustment Account	369,874	42,504	0	(204)	(122)	0	0	0	0	**412,052**
Accumulating Compensated Absences Adjustment Account	0	0	0	0	0	(6,207)	0	0	0	**(6,207)**
Total Net Worth	**343,407**	42,504	0	(189)	(122)	(6,207)	10,226	0	0	**389,619**

Adjustment 1 – *IAS 20 Accounting for Government Grants and disclosure of Government assistance* – Under IFRS accounting the council is required to recognise all grant income in its entirety at the point at which it is received. Therefore all deferred government grants have been written out of the liabilities in the balance sheet, recognised through the Comprehensive Income and Expenditure Account and subsequently transferred from the General Fund to the Capital Adjustment Account. A revenue grant classified as a creditor under UK GAAP was recognised as income for the year under IFRS and therefore an adjustment was made to reflect the income in the Comprehensive Income and Expenditure Account.

Adjustment 2 – IAS 17 *Leases* – A lease classified as an operating lease under UK GAAP was subsequently re-categorised as a finance lease under the IFRS standard. This required the council to recognise the asset on the balance sheet and subsequent creditor at the inception of the lease, and determine the value of the asset and liability at 31 March 2009. The liability has been added to the balance sheet, split between current liabilities and long term liabilities. The asset had been impaired to a zero net book value and therefore there is no adjustment in the assets section of the balance sheet. The debit to the Capital Adjustment Account reflects the cost of the depreciation and subsequent impairment which had been reversed out of the Housing Revenue Account General Fund to neutralise the impact in accordance with Statutory requirements. The additional cost to the general fund reflects the greater impact of the interest charges resulting from a finance lease, over the rental payment made under its treatment as an operating lease.

Adjustment 3 – IAS 40 *Investment property* – Under the strict criteria of IAS 40 the Council had £940k of property which had to be re-categorised out of investment property because it did not meet the IFRS requirements to be classified as such. IAS 40 also requires all revaluation gains and losses arising from investment properties to be recognised in the Comprehensive Income and Expenditure Account. Statutory mitigation has been put in place to allow Councils to reverse the impact of these gains and losses from the General Fund to the Capital Adjustment Account in order to avoid the Council Tax payer being liable for any losses. Under UK GAAP the gains and losses on revaluation went through the Revaluation Reserve, and as such there was a requirement under IFRS to transfer this balance to the Capital Adjustment Account for the reason explained above.

Adjustment 4 – *Assets Held for Sale* –Under IFRS this is a new category for classifying assets. Assets held for sale should represent assets which meet a number of category these being; the asset must be available for immediate sale in its present condition; the sale must be highly probable and the asset must be actively marketed. In order for the asset to be classified as a current asset held for sale the sale should be expected to qualify for recognition as a completed sale within one year of the date of classification.

Adjustment 5 – IAS 19 *Employee Benefits* – Under this IFRS accounting standard, Councils are required to recognise a liability for all holiday pay entitlement that employees had accrued at the financial year end. This liability reflects the difference between the holiday entitlement earned at 31 March and the actual amount of holidays taken. Angus Council's excess of holiday entitlement earned over the holidays actually taken by 31 March has resulted in a liability of £6.2 million. The Scottish Government has introduced Statutory Mitigation for this additional cost so that its negative impact can be removed from the General Fund and transferred to a new Accumulating Compensated Absences Adjustment Account. This has been reflected in the adjustment above.

Adjustment 6 – *Council Dwellings* – A valuation of council dwellings was undertaken to comply with the Existing Use Basis –Social Housing (EUV-SH). This has resulted in an increase at 31 March 2009 of £10.266m.

Adjustment 7 – IAS 7 *Cash Flow Statement* – Under IFRS the council must show cash and cash equivalents as a single balance on the face of the Comprehensive Income and Expenditure Account. Cash and cash equivalents include the bank balances, petty cash, overdrafts (if they are integral to the cash management of the organisation) and investments due to mature within 3 months of the balance sheet date. Therefore an adjustment was made to consolidate the cash balance with the overdraft balance as the latter is considered by the Council to integral to the day to day cash management of the organisation.

Adjustment 8 – IAS 37 *Provisions, contingent liabilities and contingent assets* – An adjustment has been made to reflect that fact that under IFRS, provisions must be split between current and non-current, which is determined by the expected timescales for the settlement of the liability.

Reconciliation of 1April 2009 IFRS Balance Sheet to the 31 March 2010 IFRS Balance Sheet

	IFRS Balance 1 April 09 £000	UK Gaap in year Movement	Adj 1	Adj 2	Adj 3	Adj 4	Adj 5	Adj 6	Adj 7	IFRS Balance 31 Mar 10 £000
Non-Current Assets										
PPE – Council Dwellings	276,601	3,025	0	0	0	0	(14,338)	0	0	265,288
PPE – Other	400,521	8,931	0	0	0	0	0	0	0	409,452
PPE – Surplus Assets	2,644	(151)	0	0	18	0	0	0	0	2,511
Investment Property	3,830	0	0	0	0	0	0	0	0	3,830
Assets Under Construction	4,768	(985)	0	0	0	0	0	0	0	3,783
Assets Held for Sale	160	0	0	0	0	0	0	0	0	160
Long Term Assets										
Investments	10	0	0	0	0	0	0	0	0	10
Debtors	12,542	(964)	0	0	0	0	0	0	0	11,578
Current Assets										
Stock	626	154	0	0	0	0	0	0	0	780
Debtors	23,108	(2,104)	0	0	0	0	0	0	0	21,004
Investments	32,750	2,870	0	0	0	0	0	(16,509)	0	19,111
Assets Held for Sale	165	(165)	0	0	0	0	0	0	0	0
Cash and Bank/ Cash and Cash Equivalents	0	2	0	0	0	0	0	14,423	0	14,425
Current Liabilities										
Borrowing	(5,506)	(1,942)	0	0	0	0	0	0	0	(7,448)
Short Term Creditors	(39,625)	1,919	0	0	0	126	0	0	0	(37,580)
Provisions	(393)	393	0	0	0	0	0	0	(2)	(2)
Cash and Bank/ Cash and Cash Equivalents	(3,264)	1,178	0	0	0	0	0	2,086	0	0
Long Term Liabilities										
Borrowing	(151,268)	(2,996)	0	0	0	0	0	0	0	(154,264)
Other LT Liability	(167,597)	(112,761)	0	0	0	0	0	0	0	(280,358)
Government Grant Deferred	0	(6,031)	6,031	0	0	0	0	0	0	0
Provisions	(453)	220	0	0	0	0	0	0	2	(231)
Total Assets Less Liabilities	**389,619**	**(109,407)**	6,031	0	18	126	(14,338)	0	0	272,049
Reserves										
General Fund	18,804	(532)	0	0	0	0	0	0	0	18,272
HRA General Fund	1,174	304	0	0	0	0	0	0	0	1,478
Other Useable	6,264	(394)	0	0	0	0	0	0	0	5,870
Capital Receipts	2,492	(315)	0	0	0	0	0	0	0	2,177
FIAA	(2,932)	204	0	0	0	0	0	0	0	(2,728)
Pension	(81,657)	(105,242)	0	0	0	0	0	0	0	(186,899)
Revaluation Reserve	39,629	3,087	0	(185)	0	0	(11,657)	0	0	30,874
Capital Adjustment Account	412,052	(6,519)	6,031	185	18	0	(2,681)	0	0	409,086
Accumulating Compensated Absences Adjustment Account	(6,207)	0	0	0	0	126	0	0	0	(6,081)
Total Net Worth	**389,619**	**(109,407)**	6,031	0	18	126	(14,338)	0	0	272,049

Adjustment 1 – *IAS 20 Accounting for Government Grants and disclosure of Government assistance* – Under IFRS accounting the council is required to recognise all grant income in its entirety at the point at which it is received. Therefore all deferred government grants received in 2009/10 have been written out of the liabilities in the balance sheet, recognised through the Comprehensive Income & Expenditure Account and subsequently transferred from the General Fund to the Capital Adjustment Account and Capital Grants Unapplied Accounts respectively. A revenue grant classified as a creditor under UK GAAP was recognised as income for the year under IFRS and therefore an adjustment was made to reflect the income in the Comprehensive Income & Expenditure Account. A revenue grant recognised as income under UK GAAP was transferred from the General Fund to Capital Grants Unapplied Account under IFRS as the money had not been spent at the year end.

Adjustment 2 – IAS 40 *Investment property* – During 2009/10 the council transferred a number of investment properties into Other Land and Buildings in preparation for IFRS, where these assets would not meet the criteria. However, these assets had already been transferred out in the opening IFRS balance sheet. Therefore, in effect they had been removed twice, and as a result this adjustment is to insert them back in to the investment property balance Under UK GAAP the gains and losses on revaluation went through the Revaluation Reserve, and as such there was a requirement under IFRS to transfer this balance to the Capital Adjustment account for the reason explained above.

Adjustment 3 – *Surplus Assets* – An asset previously disposed of was still being recognised in the balance sheet and was removed as part of the 1 April 2009 restatement but depreciation had been included in 2009/10 and this transaction is removing this amount from the balance sheet.

Adjustment 4 – IAS 19 *Employee Benefits* – Under this IFRS accounting standard, Councils are required to recognise a liability for all holiday pay entitlement that employees had accrued at the financial year end. This liability reflects the difference between the holiday entitlement earned at 31 March and the actual amount of holidays taken. The council's excess of holiday entitlement earned over the holidays actually taken by 31 March has resulted in a liability of £6.1 million. The Scottish Government has introduced Statutory Mitigation for this additional cost so that its negative impact can be removed from the General Fund and transferred to a new Accumulating Compensated Absences Adjustment Account. At 31 March 2010, the holiday pay accrual was re-calculated and was found to have fallen by £0.725m. As a result this adjustment is to reflect the decrease in the accrual, and a credit to the Accumulating Compensated Absences Adjustment Account to reflect the reduction.

Adjustment 5 – Council Dwellings – A valuation of council dwellings was undertaken to comply with the Existing Use Basis –Social Housing (EUV-SH). This has resulted in a decrease at 31 March 10 of £14.338m.

Adjustment 6 – IAS 7 *Cash Flow Statement* – Under IFRS the council must show cash and cash equivalents as a single balance on the face of the Comprehensive Income & Expenditure Account. Cash and cash equivalents include the bank balances, petty cash, overdrafts (if they are integral to the cash management of the organisation) and investments due to mature within 3 months of the balance sheet date. Therefore an adjustment was made to consolidate the cash balance with the overdraft balance as the latter is considered by the Council to integral to the day to day cash management of the organisation.

Adjustment 7 – IAS 37 *Provisions, contingent liabilities and contingent assets* – An adjustment has been made to reflect that fact that under IFRS, provisions must be split between current and non-current, which is determined by the expected timescales for the settlement of the liability.

Reconciliation of 2009/10 SORP based Income and Expenditure Account to an IFRS based Comprehensive Income and Expenditure Statement

	£000	£000
(Surplus) or Deficit on Provision of Services for year ended 31 March 2010 (SORP)		**11,794**
IAS 20 Adjustment - *Accounting for Government Grants and disclosure of Government assistance-* Recognition of all the income received in capital grants during 2009/10 (£9.898m) offset by the reversal of the government grant amortisation credited to service expenditure as applied under the SORP (£3.046m).	(6,852)	
Council Dwellings – Council Dwellings were valued on EUV-SH per the IRFRS code. For 09/10 this resulted in an impairment to the HRA of £2.681m and the removal of the surplus on revaluation of £11.657m held in the revaluation reserve.	2,681	
IAS 40 Adjustment – *Investment property* – Under the Code all gains and losses on the revaluation of investment properties must be recognised through the Comprehensive Income and Expenditure Account. Under the SORP, gains and losses were recognised through the revaluation reserve. Therefore this adjustment reflects the revaluation gain of investment properties in 2009/10 going through the Comprehensive Income and Expenditure Account. It should be noted that the gains on revaluation shown in the STRGL has been reduced by a corresponding amount in order to avoid double counting the gain.	(185)	
STRGL corrections – During 10/11 a review was undertaken of the Other gains/losses reported in the 09/10 annual accounts. This review has concluded that accounting entries totalling £1.308m require to be presented in the income and expenditure account resulting in a credit to the Comprehensive Income and Expenditure Account.	(1,308)	
IAS 19 Adjustment – *Employee Benefits* – The holiday pay accrual was re-calculated at the 2009/10 year end and this resulted in a net reduction of £0.73m on the liability. This adjustment is to reflect the movement on the accrual during the year which has resulted in a credit to the Comprehensive Income and Expenditure Account.	(126)	
TOTAL VALUE OF CODE (IFRS) ADJUSTMENTS		(5,790)
(Surplus) or Deficit on Provision of Services for year ended 31 March 2010 (Code basis)		**6,004**

Note 44 - Loans Fund Revenue Account

This table sets out the revenue transactions of the Loans Fund. The Loans Fund provides a central pool of finance for all council expenditure. All external loans, borrowed to finance capital spending, are paid into the fund. Interest due on these borrowings and debt management expenses are charged to the account and recovered annually from the service revenue accounts based on their outstanding loan debts.

	2010/11 £000	2009/10 £000
Expenditure		
Interest Paid on Loans:-		
Public Works Loan Board	**6,576**	6,158
Public Works Loan Board Redemptions	**200**	331
Other Mortgages and Bonds	**1,329**	1,331
Internal Loans	**30**	32
Interest Paid on Revenue Balances	**360**	387
Expenses of Borrowing	**115**	118
TOTAL EXPENDITURE	**8,610**	8,357
Interest received	**657**	881
Interest Charged to borrowing accounts	**7,838**	7,358
Expenses recovered from borrowing accounts	**115**	118
TOTAL INCOME	**8,610**	8,357

Loans Fund Interest
The average rate of interest charged on borrowing from the Loans Fund was 4.74% in 2010/11. The 2009/10 rate was 4.39%.

Debt Management Expenses
The equivalent rate for debt management expenses was 0.07%. The 2009/10 rate was 0.07%.

Debt per Head of Population

The amount of debt outstanding at 31 March 2011 was £158.5m or £1,436.94 per head of population. The figures at 31 March 2010 were £163.0m or £1,483.24 respectively.

Note 45 - Charitable Trusts

The Council acts as sole trustee for 195 Charitable Trusts and Endowments. The figures below summarise the aggregate income and expenditure for the year as well as providing a snapshot picture of the assets and liabilities at 31 March 2011.

Income and Expenditure Account for the year ended 31 March 2011

	2010/11 £000	2009/10 £000
Expenditure		
Beneficiaries	**66**	64
Administration	**28**	26
Total Expenditure	**94**	90
Income		
Rents, feuduties, dividends and interest	**36**	41
Loans Fund interest	**8**	8
Total Income	**44**	49
Surplus)/Deficit	**50**	41

Balance Sheet as at 31 March 2011

	2010/11 £000	2009/10 £000
Fixed Assets		
Heritable Property	**2**	2
Total Fixed Assets	**2**	2
Long Term Investments	**887**	861
Total Long Term Investments	**887**	861
Current Assets		
Debtors	**21**	9
Short Term Investments	**40**	72
Revenue Advances to Loans Fund	**1,026**	1,067
Total Current Assets	**1,087**	1,148
Current Liabilities		
Creditors and accruals	**0**	3
Total Current Liabilities	**0**	3
Working Capital	**1,087**	1,145
Total Net Assets	**1,976**	2,008
Reserves		
Revenue Account	**409**	459
Capital Account	**1,567**	1,549
Total Reserves	**1,976**	2,008

The unaudited accounts were authorised for issue by the Head of Finance on the 30 June 2011.

Ian Lorimer CPFA
Head of Finance
30 June 2011

Notes - Principal Trust Funds

Charity	Area Covered	Balance at 31/3/11 Capital £000	Balance at 31/3/11 Revenue £000
David Duncan Charity	Arbroath	**8**	**3**
Inchcape Fund	Arbroath	**19**	**6**
Andrew Jervise Bequest	Brechin	**2**	**17**
Ex Provost Mitchell's Bequest	Brechin	**73**	**28**
Mrs C R Graham's Bequest	Carnoustie	**12**	**11**
Boyle Bequest	Forfar	**1**	**26**
Strangs Mortification	Forfar	**1,123**	**17**
Charitable Trusts	Forfar	**26**	**1**
Charles F Nicoll Bequest	Forfar	**16**	**3**
Helen Nicoll Bequest	Forfar	**8**	**2**
Miss Agnes Lowson Trust	Forfar	**64**	**15**
Poor Lands	Kettins	**13**	**13**
Vert McLean Endowment Fund	Kirriemuir	**15**	**14**
James Wilkie Bequest	Kirriemuir	**8**	**1**
Ancient Hospital	Montrose	**13**	**1**
William Jack Trust	Montrose	**16**	**3**
William Thomson Mortification	Montrose	**9**	**3**
James Wyllie Bounty Fund	Montrose	**10**	**0**
Trust For Gilding Dome	Montrose	**0**	**67**

Capital Reserves

The movement on the Charitable Trusts Capital Reserve is summarised below:-

	Balance at 1/4/10 £000	Movement in Valuation £000	Capital Income £000	Capital Expenditure £000	Balance at31/3/11 £000
Movement during year	**1,549**	**31**	**42**	**(55)**	**1,567**

Registered Charities

Of the 195 Charitable Trusts and Endowments the Council is Trustee for, 65 are registered charities and require to be administered in line with the requirements of the Office of the Scottish Charities Regulator (OSCR).

Financial Instruments

In respect of financial instruments held by the Charitable Trusts, these all relate to investments and minor creditors and debtors due within 1 year. As the creditors and debtors are for relatively insignificant sums and the investments are all carried at fair value in the Balance Sheet, no further disclosures are necessary in respect of Charitable Trusts financial instruments.

Note 46 - Common Good

The Council administers the Common Good Account for five towns within the district. The figures below summarise the aggregate income and expenditure for the year as well as providing a snapshot picture of the assets and liabilities at 31 March 2011.

Income and Expenditure Account for the year ended 31 March 2011

	Actual 2010/11 £000	**Budget 2010/11 £000**	Actual 2009/10 £000
Expenditure			
Property Costs	**22**	**22**	16
Supplies and Services	**1**	**4**	5
Third Party Payments	**0**	**0**	0
Central Support Services	**46**	**49**	31
Charges	**232**	**537**	237
Projects	**25**	**40**	24
Loan Interest Payable	**168**	**198**	169
Depreciation & Impairment			
Total Expenditure	**494**	**850**	**482**
Income	**307**	**277**	302
Fees, Charges etc	**22**	**25**	24
Interest on Loan	**1**	**6**	1
Other Income	**0**	**0**	(9)
Gain on Disposal of Assets			
Total Income	**330**	**308**	**318**
Net (Surplus)/Deficit	**164**	**542**	**164**

Balance Sheet as at 31 March 2011

	2010/11 £000	2009/10 £000
Fixed Assets		
Heritable Property (less Depreciation), Other Assets	**6,089**	6,250
Total Fixed Assets	**6,089**	6,250
Long Term Debtors	**26**	30
Current Assets		
Debtors	**4**	4
Revenue Advances to Loans Fund	**3,230**	3,234
Total Current Assets	**3,234**	3,238
Current Liabilities		
Creditors and Accruals	**0**	0
Total Current Liabilities	**0**	0
Working Capital	**3,234**	3,238
Long Term Creditor	**501**	515
Total Net Assets	**8,848**	9,003
Reserves		
Income & Expenditure Account	**2,192**	2,356
Capital Account	**2,090**	2,088
Revaluation Reserve	**4,566**	4,559
Total Reserve	**8,848**	9,003

The unaudited accounts were authorised for issue by the Head of Finance on the 30 June 2011.

Ian Lorimer CPFA
Head of Finance
30 June 2011

1. Movement in Individual Common Good Reserve Funds

Revenue Account

	Balance at 1/4/10 £000	Income £000	Expenditure £000	**Balance at 31/3/11 £000**	Transfer Between Inc & Exp & Capital Accounts £000	**Adjusted Balance at 31/3/11 £000**
Arbroath	**850**	98	226	**722**	0	**722**
Brechin	**567**	85	106	**546**	0	**546**
Forfar	**718**	86	79	**725**	0	**725**
Kirriemuir	**7**	0	0	**7**	0	**7**
Montrose	**214**	61	83	**192**	0	**192**
TOTAL	**2,356**	330	494	**2,192**	0	**2,192**

Capital Account

	Balance at 1/4/10 £000	Income £000	Expenditure £000	**Balance at 31/3/11 £000**
Arbroath	**748**	0	0	**748**
Brechin	**365**	0	0	**365**
Forfar	**465**	2	0	**467**
Kirriemuir	**0**	0	0	**0**
Montrose	**510**	0	0	**510**
TOTAL	**2,088**	2	0	**2,090**

2. Movement between Income & Expenditure Account and Advance to Loans Fund in 2010/11

	(Surplus) Deficit on Inc & Exp Account £000s	**Adjust for Non Cash Transactions (See Note 3) £000**	**Adjust for Cash Transactions (See Note 4) £000**	**Balance Advanced (To)/From Loans Fund £000**
Arbroath	**128**	(134)	15	**9**
Brechin	**22**	(13)	0	**9**
Forfar	**(8)**	(12)	0	**(20)**
Kirriemuir	**0**	0	0	**0**
Montrose	**22**	(9)	(4)	**9**
TOTAL MOVEMENT IN YEAR	**164**	(168)	11	**7**
2010/11 Balance b/f	**2,356**			**3,234**
Sale of asset	**0**			**3**
Increase/(Decrease) Per Surplus Above	**(164)**			**(7)**
Balance as at 31/03/11	**2,192**			**3,230**

3. Non Cash Transactions Adjusted in Note 2 Above

	£000
Depreciation	168
Impairment	0
Total	**168**

4. Cash Transactions Adjusted in Note 2 Above

	£000
Principal repayment on loan from General Fund	15
Long Term Creditor	(4)
Total	**11**

Note 47 - Council tax

Income Account

2009/10 £000		**2010/11 £000**
52,697	Gross Charge	**53,037**
(1,496)	Deduct - Exemptions	**(1,539)**
(58)	Disabled Relief	**(58)**
(4,963)	Discounts	**(5,007)**
46,180	**Net Council Tax**	**46,433**
(5,852)	Adjustments Rebates (Council Tax Benefit)	**(6,003)**
5,809	Less: Government Grants	**6,050**
(105)	Ministry of Defence Properties	**(96)**
105	Contribution Received for MOD Properties	**96**
(783)	Provision for Bad Debts	**(802)**
43	Gain/(loss) on Council Tax benefits to be transferred to Other Services Revenue Account	**(46)**
45,397	**NET CURRENT YEAR COUNCIL TAX INCOME**	**45,632**
	PRIOR YEARS' COUNCIL TAX	
27	Adjustments to Charges	**(105)**
(24)	Adjustments to Provision for Bad Debts	**24**
7	Adjustments to Provision for Bad Debts	**0**
45,407	**TOTAL INCOME TO COMPREHENSIVE INCOME AND EXPENDITURE ACCOUNT**	**45,551**

Council Tax Income

The 2010/11 financial year is the fifteenth year of operation of the Council Tax which replaced the Community Charge. The Council Tax charge is based on the value of a domestic property together with a personal element which takes into account the number and circumstances of the occupants of the property.

Each property is placed in one of eight valuation bands (A-H) in accordance with their value as at 1 April 1991. The Council Tax charge levied for each property is calculated in proportion to the Council Tax charge for a Band D property by applying fractions. A discount of 25% on the Council Tax charge is made where there are fewer than two adult residents of a property. Discounts are made for unoccupied property. Persons who are in detention, qualifying students and people with learning disabilities are disregarded for Council Tax purposes. Reductions in Council Tax payable are also available for people with other qualifying disabilities. The range of values and the fractions used in calculating the Council Tax payable for each valuation band are set out below.

Valuation Band	Property Valuation Range	Fraction of Band D
A	£0 - £27,000	6/9
B	£27,001 - £35,000	7/9
C	£35,001 - £45,000	8/9
D	£45,001 - £58,000	9/9
E	£58,001 - £80,000	11/9
F	£80,001 - £106,000	13/9
G	£106,001 - £212,000	15/9
H	Over £212,000	18/9

Calculation of the Council Tax Charge Base 2010/11

	Valuation Band								2010/11	2009/10
	A	**B**	**C**	**D**	**E**	**F**	**G**	**H**	**TOTAL**	**TOTAL**
Total Number of Properties	15,253	12,485	6,804	7,930	6,962	2,803	1,468	160	**53,865**	53,463
Less Exemptions/ Deductions	801	323	133	117	101	45	18	22	**1,560**	1,494
Less Adjustment for Single Discounts	2,240	1,166	569	509	326	92	47	3	**4,952**	4,861
Less Adjustment for Double Discounts	382	180	145	90	58	34	25	11	**925**	905
Effective Number of Properties	11,830	10,816	5,957	7,214	6,477	2,632	1,378	124	**46,428**	46,203
Band D Equivalent Factor (Ratio)	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9		
Band D Equivalent Number of Properties	7,886	8,412	5,295	7,214	7,916	3,802	2,297	248	**43,070**	42,774
Less Provision for Non-Collection 2%									**861**	855
									42,209	41,919

The product of the Council Tax base and the equivalent Council Tax charge gave a budget for 2010/11 Council Tax income of £44.937m. Inclusion of £0.050m provision for income from prior years' charges, results in a total budget for Council Tax income of £44.987m as shown in Note 9.

Council Tax Properties and Council Tax Charges

	2010/11 Effective Number of Properties	**2010/11 Total Council Tax Charge £**	2009/10 Effective Number of Properties	2009/10 Total Council Tax Charge £
A	**11,830**	**714.67**	11,868	714.67
B	**10,816**	**833.78**	10,798	833.78
C	**5,957**	**952.89**	5,900	952.89
D	**7,214**	**1,072.00**	7,182	1,072.00
E	**6,477**	**1,310.22**	6,422	1,310.22
F	**2,632**	**1,548.44**	2,578	1,548.44
G	**1,378**	**1,786.67**	1,335	1,786.67
H	**124**	**2,144.00**	120	2,144.00
	46,428		46,203	

Note 48 - Non-Domestic Rates
Income Account

	2010/11 £000	2009/10 £000
Gross Charge	**31,420**	30,001
Deduct - Reliefs and Other Deductions	**(8,441)**	(8,047)
Interest on Overpaid Rates	**(4)**	(66)
Provision for Bad Debts	**(323)**	(96)
CONTRIBUTION TO NATIONAL NON-DOMESTIC RATES POOL (NNDRP)	**22,652**	21,792
Net Contribution from NNDRP	**21,489**	24,450
TOTAL NON-DOMESTIC RATES FROM NNDRP	**44,141**	46,242
Adjustments for years prior to introduction of NNDR	**0**	0
NON-DOMESTIC RATE INCOME TO COMPREHENSIVE INCOME AND EXPENDITURE ACCOUNT	**44,141**	46,242

Non-Domestic Rate Income/Contribution from Non-Domestic Rate Pool

As from 1993/94 all Non-Domestic Rate Income collected by local authorities (from non-domestic ratepayers) is paid into a national pool and redistributed to levying authorities (Unitary and Island Councils). The Non-Domestic Rate Income is redistributed from the national pool in proportion to the resident population of each local authority concerned and therefore bears no direct relationship to the amount collected by those authorities.

The 2010/11 rate poundage set nationally was 40.7p with a large business supplement of 0.7p (rateable value in excess of £35,000).

Rateable Subjects and Values (1 April 2010)

Non-Domestic Rateable Subjects	**No of properties**	**Rateable Value as at 1 April 2010 £000**	No of properties	Rateable Value as at 1 April 2009 £000
Shops	**1,144**	**16,106**	1,141	13,298
Public Houses	**104**	**1,579**	107	1,341
Offices including banks	**498**	**5,455**	467	4,652
Hotels etc	**60**	**1,589**	60	1,418
Industrial Subjects etc	**1,115**	**20,708**	1,092	17,179
Leisure, Entertainment, Caravans etc	**427**	**3,778**	422	3,154
Garages and Petrol Stations	**117**	**1,486**	118	1,076
Cultural	**54**	**439**	57	335
Sporting Subjects	**162**	**518**	158	434
Education and Training	**94**	**8,422**	96	6,090
Public Service Subjects	**339**	**7,320**	336	4,990
Communications (Non Formula)	**21**	**130**	22	144
Quarries Mines etc	**23**	**537**	23	426
Religious	**174**	**960**	174	672
Health & Medical Care	**135**	**5,755**	139	5,030
Other	**350**	**1,934**	367	2,350
Total	**4,817**	**76,716**	4,779	62,589

National Non-Domestic Rate Pool (NNDRP)

2009/10 £000		**2010/11 £000**
46,242	Contribution from NNDRP	**44,141**
(21,792)	Less Contribution to NNDRP	**(22,652)**
24,450	**NET CONTRIBUTION FROM NNDRP**	**21,489**

Note 49 - HRA Income and Expenditure Statement For the Year Ended 31 March 2011

The HRA Income and Expenditure Statement shows the economic cost in the year of providing housing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rents and government grants. Authorities charge rents to cover expenditure in accordance with regulations; this may be different from the accounting cost. The increase or decrease in the year, on the basis of which rents are raised, is shown in the Movement on the HRA Statement.

2009/10 Actual £000		**2010/11 Actual £000**	**2010/11 Actual £000**	**2010/11 Budget £000**
	Expenditure			
5,937	Repairs and Maintenance	**5,584**		**5,982**
5,914	Supervision and Management	**6,245**		**6,642**
303	Void Rents	**326**		**235**
5,367	Depreciation and impairment of non-current assets	**5,333**		**5,333**
310	Movement in the allowance for bad debts	**441**		**290**
741	Other expenditure	**736**		**756**
18,572	**Total Expenditure**		**18,665**	**19,238**
	Income			
(19,118)	Dwelling Rents	**(19,602)**		**(19,543)**
(489)	Non-Dwelling Rents	**(493)**		**(477)**
0	Housing Support Grant	**0**		**0**
(985)	Other Income	**(1,050)**		**(1,095)**
(20,592)	**Total Income**		**(21,145)**	**(21,115)**
(2,020)	Net cost of HRA services as included in the Comprehensive and Expenditure Statement		**(2,480)**	**(1,877)**
225	HRA share of Corporate and Democratic Core		**222**	**225**
0	HRA share of other amounts included in the whole authority Net Cost of Services but not allocated to specific services		**0**	**0**
(1,795)	**Net cost of HRA Services**		**(2,258)**	**(1,652)**
	HRA share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement:			
0	(Gain) or loss on sale of HRA non-current assets		**78**	**78**
1,170	Interest payable and similar charges		**1,339**	**1,412**
(37)	Interest and investment income		**(21)**	**(33)**
161	Pension interest cost and expected return on pension assets		**213**	**213**
0	Non-specific Grant Income		**(387)**	**(387)**
(501)	**(Surplus) or Deficit for the year on HRA services**		**(1,036)**	**(369)**

Movement on the HRA Statement For the Year Ended 31 March 2011

2009/10 £000		**2010/11 £000**
(1,174)	Balance on the HRA at the end of the previous year	**(1,477)**
(501)	(Surplus) or deficit for the year on the HRA Income and Expenditure Account	**(1,036)**
198	Adjustments between accounting basis and funding basis under statute	**594**
(303)	Net Increase or (decrease) before transfers to or from reserves	**(442)**
0	Transfer from Affordable Housing Reserve	**(38)**
(303)	(Increase) or decrease in year on the HRA	**(480)**
(1,477)	**Housing Revenue Account surplus carried forward**	**(1,957)**

Notes to the HRA Income and Expenditure Statement

Note of reconciling items for the Movement on HRA Statement

2009/10 £000		**2010/11 £000**	**2010/11 £000**
(5,367)	**Items included in the HRA Net Costs of Services but excluded from the Movement on the HRA Statement**		**(5,333)**
0	Depreciation		**(3)**
0	Employee Benefits		**(170)**
(5,367)	FRS17 Pension Adjustment		**(5,506)**
	Items not included in the HRA Net Cost of Services but included on the HRA Statement		
551	Loans fund principal repayments		**659**
5,074	Capital expenditure funded by the HRA		**5,168**
0	Capital expenditure funded by Affordable Housing Reserve		**182**
0	Non Specific Grant Income		**387**
(60)	HRA Share of contributions to or from the Pensions Reserve		**(213)**
0	Movement on Investment Properties		**(5)**
5,565			**6,178**
	Gain/Loss on Sale of HRA non-current assets		
0	Non-current assets sales proceeds (net of cost of sales)	**1,582**	
0	Net Book Value of non-current assets sold	**(1,660)**	**(78)**
5,565			**6,100**
198	Net additional amount required by statue to be debited or (credited) to the HRA Balance for the year		**594**

Housing Stock
The Council was responsible for managing an average 7,791 houses during the year. The comparable figure for 2009/10 was 7,833 houses.

The stock relating to the Housing Revenue Account was as follows:

2009/10		**2010/11**
39%/61%	Houses/ Maisonettes	**39%/61%**
	Stock changes can be summarised as follows:-	
7,851	Stock at 1 April	**7,814**
	Add:	
0	New Build	**0**
0	Repurchased/Conversions	**0**
	Less:	
(35)	Right to Buy Sales	**(45)**
0	Disposal – Private Sector	**0**
(2)	Closures/Demolitions	**(1)**
7,814	**Stock at 31 March**	**7,768**

Rent Arrears
Average rent arrears per house at 31 March 2011 were £146.27. Rent arrears at 31 March 2011 were 5.63% of gross rent income. The comparable figures at 31 March 2010 were £143.90 and 5.91% respectively.

Arrears at 31 March 2011 were £1.136m compared to £1.124m at 31 March 2010 and the provision for bad or doubtful debt increased to £0.860m at 31 March 2011 from £0.654m at 31 March 2010.

Note 50 - Trading Operations

Previously Angus Council disclosed Significant Trading Organisations (STOs) in respect of Sports Services and Ground Operations. During 2010/11 a review was undertaken of these two STOs and it was concluded that neither should continue to be treated and disclosed as STOs. This was determined on the basis that either they do not operate in a competitive environment or they are not considered to be material in the context of overall Council service provision.

Accordingly Sports Services and Ground Operations are no longer separately disclosed in the accounts and are included within the Culture & Related Services line in the Comprehensive Income & Expenditure Statement.

No other STOs were identified as requiring separate disclosure.

Note 51 - Group Accounts

The Group Accounts have been prepared on the basis of a full consolidation of the financial statements of the Council and its subsidiary and associated companies.

Associate companies are consolidated in accordance with paragraph 9.1.2.27 of the Code of Practice using the equity method. The Council's investment in these companies is incorporated at cost and adjusted each year by the Council's share of the companies' results as recognised in the Group Comprehensive Income and Expenditure Statement and its share of other gains and losses.

Subsidiary companies are consolidated in accordance with paragraph 9.1.2.20 of the Code of Practice with the income, expenditure, assets and liabilities consolidated on a line-by-line basis.

Intra-group balances and transactions are eliminated on consolidation.

The results of the following organisations have been consolidated within the Group Accounts:

Name of Combining Entity	Method of Accounting
Common Good	Subsidiary
Charitable Trusts	Subsidiary
Tayside Contracts Joint Committee	Jointly Controlled Entity
Tayside Joint Police Board	Associate
Tayside Fire and Rescue Board	Associate
Tayside Joint Valuation Board	Associate

Group Movement in Reserves Statement as at 31 March 2011

	Council Usable Reserves £000	Council Unusable Reserves £000	Total Council Reserves £000	Share of Reserves of Associates & Subsidiaries £000	Total Group Reserves £000
Balance at 31 March 2009	28,734	360,885	389,619	(118,246)	271,373
Movement in reserves during 09/10					
Surplus or (deficit) on provision of services	(6,004)	0	(6,004)	(8,128)	(14,132)
Other Comprehensive Expenditure and Income	0	(111,566)	(111,566)	(66,242)	(177,808)
Total Comprehensive Expenditure and Income	**(6,004)**	**(111,566)**	**(117,570)**	**(74,370)**	**(191,940)**
Adjustments between accounting basis and funding basis under regulations (Note 51.6)	5,067	(5,067)	0	114	114
Net Increase / Decrease before Transfers to Earmarked Reserves	**(937)**	**(116,633)**	**(117,570)**	**(74,256)**	**(191,826)**
Transfers to / from Earmarked Reserves	0	0	0	(7,412)	(7,412)
Increase / Decrease in Year	**(937)**	**(116,633)**	**(117,570)**	**(81,668)**	**(199,238)**
Balance at 31 March 2010 carried forward	**27,797**	**244,252**	**272,049**	**(199,914)**	**72,135**
Movement in reserves during 10/11					
Surplus or (deficit) on provision of services	32,154	0	32,154	3,199	35,353
Other Comprehensive Expenditure and Income	70	53,921	53,991	22,158	76,149
Total Comprehensive Expenditure and Income	**32,224**	**53,921**	**86,145**	**25,357**	**111,502**
Adjustments between accounting basis and funding basis under regulations (Note 51.6)	(32,813)	32,813	0	1,264	1,264
Net Increase / Decrease before Transfers to Earmarked Reserves	**(589)**	**86,734**	**86,145**	**26,621**	**112,766**
Transfers to / from Earmarked Reserves	0	0	0	4,974	4,974
Increase / Decrease in Year	**(589)**	**86,734**	**86,145**	**31,595**	**117,740**
Balance at 31 March 2011 carried forward	**27,208**	**330,986**	**358,194**	**(168,319)**	**189,875**

Group Comprehensive Income and Expenditure Statement for the year 31 March 2011

2009/10 Gross Expenditure £000	2009/10 Gross Income £000	2009/10 Net Expenditure £000		2010/11 Gross Expenditure £000	2010/11 Gross Income £000	2010/11 Net Expenditure £000
110,145	(4,079)	106,066	Education	117,349	(6,242)	**111,107**
79,510	(15,999)	63,511	Social Work	84,414	(17,013)	**67,401**
24,159	(4,985)	19,174	Roads & Transport	26,867	(6,244)	**20,623**
24,908	(12,759)	12,149	Cultural & Related Services	37,346	(23,763)	**13,583**
22,675	(8,755)	13,920	Environmental Services	14,575	(206)	**14,369**
9,308	(3,042)	6,266	Planning & Development Services	8,685	(4,451)	**4,234**
5,422	(2,786)	2,636	Central Services	5,990	(2,466)	**3,524**
21,496	(20,835)	661	Neighbourhood - Housing Revenue Account	19,445	(21,703)	**(2,258)**
27,882	(25,766)	2,116	Housing - General Fund	29,350	(26,797)	**2,553**
4,694	0	4,694	Corporate & Democratic Core	4,445	0	**4,445**
(792)	0	(792)	Exceptional Items	0	0	**0**
709	0	709	Non Distributed Costs	(41,101)	0	**(41,101)**
90	(49)	41	Interest in Subsidiary – Charitable Trusts	94	(44)	**50**
482	(318)	164	Interest in Subsidiary – Common Good	494	(330)	**164**
25,962	0	25,962	Share of the Operating Result of Associates	7,876	0	**7,876**
356,650	(99,373)	**257,277**	**Group Cost Of Services**	**315,829**	**(109,259)**	**206,570**
		1,839	Other Operating Income and Expenditure			**696**
		27,929	Financing and Investment Income and Expenditure			**30,489**
		0	Surplus or Deficit on Discontinued Operations			**0**
		(272,913)	Taxation and Non-Specific Grant Income			**(273,109)**
		14,132	**Group (Surplus) or Deficit on Provision of Services**			**(35,354)**
		6,825	(Surplus) or deficit on revaluation of fixed assets			**(1,737)**
		0	(Surplus) or deficit on revaluation of available for sale financial assets			**(4)**
		170,961	Actuarial gains / losses on pension assets/liabilities			**(73,737)**
		22	Other unrealised gains / losses			**(670)**
		177,808	**Other Group Comprehensive Income and Expenditure**			**(76,148)**
		191,940	**Total Group Comprehensive Income and Expenditure**			**(111,502)**

Group Balance Sheet as at 31 March 2011

31/03/2010 £000		Notes	31/03/2011 £000
690,099	Property, Plant & Equipment		688,501
3,830	Investment Property		2,395
0	Intangible Assets		0
160	Assets Held for Sale		536
871	Long Term Investments		897
11,093	Long Term Debtors		10,118
706,053	**Long Term Assets**		702,447
19,183	Short Term Investments	51.13	44,234
1,292	Inventories		1,286
21,283	Short Term Debtors	51.12	24,972
14,211	Cash and Cash Equivalents		0
0	Assets held for sale		240
55,969	**Current Assets**		70,732
0	Cash and Cash Equivalents	51.10	(632)
(156)	Provisions		(352)
(3,303)	Short Term Borrowing		(3,474)
(38,082)	Short Term Creditors	51.14	(40,223)
(41,541)	**Current Liabilities**		(44,681)
(329)	Provisions		(191)
(155,507)	Long Term Borrowing		(163,795)
(553)	Other Long Term Creditors		(373)
(293,254)	Other Long Term Liabilities		(201,489)
(198,703)	Liability in Associates		(172,775)
(648,346)	**Long Term Liabilities**		(538,623)
72,135	**Net Assets**		189,875
32,500	Usable Reserves		31,790
236,330	Unusable Reserves		328,884
(196,695)	Group Reserves		(170,799)
72,135	**Total Reserves**		189,875

The unaudited accounts were authorised for issue by the Head of Finance on 30 June 2011.

Ian Lorimer CPFA
Head of Finance
30 June 2011

Group Cash Flow Statement

	Notes	2009/10 £000	2010/11 £000
Net surplus or (deficit) on the provision of services		(5,927)	34,661
Adjustment to surplus or deficit on the provision of services for non cash movements		56,822	(491)
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities		(12,689)	(4,325)
Net Cash flows from Operating Activities	51.7	38,206	29,845
Net Cash flows from Investing Activities	51.8	(24,095)	(51,912)
Net Cash flows from Financing Activities	51.9	4,079	7,224
Net increase or decrease in cash and cash equivalents		18,190	(14,843)
Cash and cash equivalents at the beginning of the reporting period		(3,979)	14,211
Cash and Cash equivalents at the end of the reporting period	**51.10**	**14,211**	**(632)**

Note 51.1 Statement of Accounting Policies

The majority of the accounting policies adopted to produce the Group Accounts complement those used to prepare the Council's own accounts and are not therefore restated here.

Note 51.2 Consolidation

Transactions between the Council and its associates, subsidiaries & jointly controlled entities are eliminated on consolidation.

Note 51.3 Combining Entries

Associates

The results of Tayside Valuation, Tayside Fire & Rescue and Tayside Police Joint Boards which are jointly administered with Dundee City and Perth & Kinross Councils have been included in the Group Accounts as the Council has voting rights and the ability to exercise significant influence over the Joint Boards. The Joint Boards have therefore been incorporated in the Group Accounts under the equity method of accounting for associates.

The Council inherited its interest in the Joint Boards following the reorganisation of local government in 1996. It is considered that the Council's interest in these entities was obtained on an acquisition basis. As no consideration was given however, no goodwill requires to be accounted for.

For the purpose of consolidation and incorporation within the Group Accounts, recognition has been made of the Council's interest which is based on its share of the contributions made to the Joint Boards as detailed below:

Joint Board	**Council Share 2010/11**	**Council Share 2009/10**
Tayside Valuation	26.56%	26.56%
Tayside Fire & Rescue	19.00%	19.00%
Tayside Police	24.40%	24.40%

The accounting period for all entities is the year to 31 March 2011 and is therefore aligned with the Council's accounting period.

The individual accounts relating to the Joint Boards are published separately and can be obtained from the following addresses:

Joint Board	Address	Comment
Tayside Valuation	Depute Chief Executive (Finance) Dundee City Council Floor 4, Tayside House 28 Crichton Street Dundee, DD1 3RF	Tayside Valuation Joint Board was created in 1996 to take over from the Local Authorities in its area for specified duties in relation to valuation for rating and Council Tax.
Tayside Fire & Rescue	Head of Corporate Services Fire & Rescue Headquarters Blackness Road Dundee, DD1 5PA	Tayside Fire and Rescue Board was created in 1996 to take over from the Local Authorities in its area for specified duties in relation to fire and rescue.
Tayside Police	Director of Corporate Services Force Headquarters PO Box 59 West Bell Street Dundee, DD1 9JU	Tayside Joint Police Board was created in 1996 to take over from the Local Authorities in its area for specified duties in relation to police provision.

Subsidiaries

The Council administers a number of charitable funds and whilst the Council does not have control over these funds, they have been considered for inclusion in the Group Accounts on the basis of applying the principle of substance over form. The income, expenditure, assets and liabilities of the Charitable Trusts have therefore been consolidated as subsidiaries on a line by line basis. Separate detail of the aggregate Income & Expenditure and Balance Sheet position of the Charitable Trusts is included in Note 45 to the single entity accounts.

The Council administers the Common Good Funds of the area and whilst the Council does not have legal title over the assets of these Funds, they are legally vested in the Council and have therefore been considered for inclusion in the Group Accounts on the basis of applying the principle of substance over form. The income, expenditure, assets and liabilities of the Common Good Funds have therefore been consolidated as subsidiaries on a line by line basis. Separate detail of the aggregate Income & Expenditure and Balance Sheet position of the Common Good Funds is included in Note 46 to the single entity accounts.

Jointly Controlled Entities

Angus Council's share (31% - 2010/11, 31% - 2009/10) of the assets and liabilities of Tayside Contracts Joint Committee (jointly administered and controlled with Dundee City and Perth & Kinross Councils) has been consolidated into the Group Accounts on a Jointly Controlled Entity basis. There has been no impact on the Group Comprehensive Income & Expenditure Statement as the Council's share of the net surplus for the year is already included in the Council's single entity Comprehensive Income & Expenditure Statement. The Council's share of the assets, liabilities and reserves on Tayside Contracts' Balance Sheet has been consolidated on a line by line basis. Tayside Contracts individual accounts are published separately and can be obtained from the Head of Financial Services, Tayside Contracts, 1 Soutar Street, Dundee, DD3 8SS.

Note 51.4 Financial Impact of Consolidation and Going Concern

The effect of inclusion of the Joint Boards (associates), Tayside Contracts (Jointly Controlled Entity), Charitable Funds (subsidiary) and Common Good Funds (subsidiary) is to decrease both reserves and net assets by £168m (2009/10 decrease of £200m), largely because of the combined pension liability of the Joint Boards. This is mainly as a direct result of the requirement to fully account for FRS17 Retirement Benefits and IAS 19 Employee Benefits. All associates have prepared their accounts on a "going concern" basis. Statutory arrangements in place with the Scottish Government and constituent authorities for the funding of the deficit on Police and Fire pensions means that the financial position of the Boards remain assured. In common with these public bodies, the Council's Group Accounts have also been prepared on a "going concern" basis as there is no reason to suggest that future funding will not continue. Apart from the disclosures made in the notes to the Group Accounts, there were no material amounts or details in relation to associates or managed funds

Note 51.5 – Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

The Statement of Accounts of the various group entities contains estimated figures that are based on assumptions about the future or that are otherwise uncertain. Estimates have been made taking into account historical experience, current trends and other relevant factors. As balances cannot be determined with certainty however, actual results could be materially different from the assumptions and estimates. The item for which there is a significant risk of material adjustment in the forthcoming year is the estimation of the net liability to pay pensions as this depends upon a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets.

It should be further noted that the change in pension policy from the use of RPI to CPI to calculate future liabilities has resulted in some significant movements in pension liabilities within the Group entities.

Note 51.6 - Adjustments between Accounting Basis and Funding Basis under Regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Group in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Group to meet future capital and revenue expenditure.

2010/11	Group Entities Usable / Unusable Reserves: Council Usable Reserves £000	Council Unusable Reserves £000	Associates Total Usable Reserves £000	Associates Total Unusable Reserves £000	Joint Controlled Entity Total Usable Reserves £000	Joint Controlled Entity Total Unusable Reserves £000	Group Total Reserves £000
Adjustments primarily involving the Capital Adjustment Account:							
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:							
Charges for depreciation and impairment of non-current assets	30,092	(30,092)	1,413	(1,413)	503	(503)	0
Revaluation losses on property Plant and Equipment	0	0	0	0	0	0	0
Movements in the market value of Investment Properties	(209)	209	0	0	0	0	0
Amortisation of intangible assets	0	0	0	0	0	0	0
Capital grants and contributions applied	(5,585)	5,585	(901)	901	0	15	15
Revenue expenditure funded from the capital under statue	0	0	0	0	0	0	0
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(273)	273	13	(13)	22	(22)	0
Notional rental charge for depots	0	0	0	0	123	0	123
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:							
Statutory provision for the financing of capital investment	(10,392)	10,392	(309)	309	(348)	348	0
Capital expenditure charged against the General Fund and HRA balances - CFCR	(13,224)	13,224	(228)	228	(147)	147	0
Other adjustments	0	0	0	0	0	(45)	(45)
Adjustments primarily involving the Capital Grants Unapplied Account:							
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	0	0	(7)	7	0	0	0
Application of grants to capital financing transferred to the Capital Adjustment Account	0	0	0	0	0	0	0

2010/11	Group Entities Usable / Unusable Reserves						Group Total Reserves £000
	Council Usable Reserves £000	Council Unusable Reserves £000	Associates Total Usable Reserves £000	Associates Total Unusable Reserves £000	Joint Controlled Entity Total Usable Reserves £000	Joint Controlled Entity Total Unusable Reserves £000	
Adjustments primarily involving the Capital Receipts Reserve:							
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	0	0	(14)	14	(15)	0	(15)
Capital receipts for leases	22	(22)	0	0	0	0	0
Use of the Capital Receipts Reserve to finance new capital expenditure	(1,610)	1,610	(11)	11	0	0	0
Adjustment primarily involving the Financial Instruments Adjustment Account:							
Amount by which finance costs charges to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(200)	200	0	0	0	0	0
Adjustments primarily involving the Pensions Reserve:							
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(31,600)	31,600	490	(490)	(1,174)	2,230	1,056
Employer's pensions contributions and direct payments to pensioners payable in the year	0	0	(5,037)	5,037	(1,056)	0	(1,056)
Adjustment primarily involving the Accumulated Absences Account:							
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	166	(166)	37	(37)	(4)	4	0
Total Adjustments	(32,813)	32,813	(4,554)	4,554	(2,095)	2,173	78

Comparative Figures in 2009/10

2009/10	Group Entities Usable / Unusable Reserves						
	Council Usable Reserves £000	**Council Unusable Reserves £000**	**Associates Total Usable Reserves £000**	**Associates Total Unusable Reserves £000**	**Joint Controlled Entity Total Usable Reserves £000**	**Joint Controlled Entity Total Unusable Reserves £000**	**Group Total Reserves £000**
Adjustments primarily involving the Capital Adjustment Account:							
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:							
Charges for depreciation and impairment of non-current assets	34,594	(34,594)	1,509	(1,509)	467	(467)	0
Revaluation losses on property Plant and Equipment	0	0	0	0	0	0	0
Movements in the market value of Investment Properties	(185)	185	0	0	0	0	0
Amortisation of intangible assets	0	0	4	(4)	0	0	0
Capital grants and contributions applied	(9,898)	9,898	(896)	896	0	24	24
Revenue expenditure funded from the capital under statue	0	0	0	0	0	0	0
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	1,845	(1,845)	10	(10)	13	(13)	0
Notional rental charge for depots	0	0	0	0	113	0	113
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:							
Statutory provision for the financing of capital investment	(9,686)	9,686	(323)	323	(328)	328	0
Capital expenditure charged against the General Fund and HRA balances - CFCR	(11,015)	11,015	(71)	71	(159)	159	0
Other adjustments	0	0	0	0	0	0	0
Adjustments primarily involving the Capital Grants Unapplied Account:							
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	0	0	(8)	8	0	0	0
Application of grants to capital financing transferred to the Capital Adjustment Account	0	0	0	0	0	0	0

2009/10	Group Entities Usable / Unusable Reserves						
	Council Usable Reserves £000	**Council Unusable Reserves £000**	**Associates Total Usable Reserves £000**	**Associates Total Unusable Reserves £000**	**Joint Controlled Entity Total Usable Reserves £000**	**Joint Controlled Entity Total Unusable Reserves £000**	**Group Total Reserves £000**
Adjustments primarily involving the Capital Receipts Reserve:							
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	0	0	65	(65)	(24)	0	(24)
Capital receipts for leases	0	0	0	0	0	0	0
Use of the Capital Receipts Reserve to finance new capital expenditure	(1,650)	1,650	(11)	11	0	0	0
Adjustment primarily involving the Financial Instruments Adjustment Account:							
Amount by which finance costs charges to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(204)	204	0	0	0	0	0
Adjustments primarily involving the Pensions Reserve:							
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	1,392	(1,392)	13,422	(13,422)	1,195	(154)	1,041
Employer's pensions contributions and direct payments to pensioners payable in the year	0	0	(6,297)	6,297	(1,041)	0	(1,041)
Adjustment primarily involving the Accumulated Absences Account:							
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(126)	126	36	(36)	5	(5)	0
Total Adjustments	**5,067**	**(5,067)**	**7,440**	**(7,440)**	**241**	**(127)**	**114**

Note 51.7 - Group Cash Flow Statement – Operating Activities

2009/10 £000		**2010/11 £000**
(5,927)	**Net surplus or (deficit) on provision of services**	**34,661**
	Adjust net surplus of (deficit) on the provision of services for non cash movements	
34,876	Depreciation	**30,785**
(38)	Increase / (Decrease) in Interest Creditors	**111**
(3,062)	Increase / (Decrease) in Creditors	**4,350**
639	(Increase) / Decrease in Interest Debtors	**(83)**
2,914	(Increase) / Decrease in Debtors	**(6,330)**
(148)	(Increase) / Decrease in Stock	**6**
1,546	Pension Liability	**(33,829)**
16,881	Other Non Cash Transactions	**752**
(635)	Contributions to / (from) provisions	**56**
3,849	Carrying amount of non-current assets sold	**3,901**
0	Movement in Investment Property Value	**(210)**
56,822	**Total Adjustment**	**(491)**
	Adjust for items included in the net surplus or (deficit) on the provision of services that are investing or financing activities	
60	Interest paid	**73**
55	Interest element of finance lease payments	**48**
0	Capital Grants credited to surplus / deficit on the provision of services	**(596)**
4	Premiums or discounts on the repayment of financial liabilities	**5**
(12,808)	Proceeds from the sale of PPE and intangible assets	**(3,855)**
(12,689)	**Total Adjustments**	**(4,325)**
38,206	**Net cash flows from operating activities**	**29,845**

The cash flows for operating activities include the following items:

2009/10 £000		**2010/11 £000**
2,126	Interest received	**1,419**
(15,224)	Interest Paid	**(19,599)**
0	Dividends received	**0**

Note 51.8 - Group Cash Flow Statement – Investing Activities

2009/10 £000		**2010/11 £000**
(33,260)	Purchase of property, plant and equipment, investment property and intangible assets	**(31,678)**
(3,509)	Purchase of short-term and long-term investments	**(25,000)**
0	Other payments for investing activities	**0**
891	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	**4,168**
0	Proceeds from short-term and long-term investments	**0**
11,783	Other receipts from investing activities	**598**
(24,095)	**Net cash flows from investing activities**	**(51,912)**

Note 51.9 - Group Cash Flow Statement – Financing Activities

2009/10 £000		**2010/11 £000**
5,468	Cash receipts of short and long-term borrowing	**8,507**
814	Other receipts from financing activities	**822**
(1,735)	Cash Payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	**(1,568)**
(74)	Repayments of short and long-term borrowing	**(154)**
(394)	Other payments for financing activities	**(383)**
4,079	**Net cash flows from financing activities**	**7,224**

Note 51.10 - Cash and Cash Equivalents

The balance of Cash and Cash Equivalents is made up of the following elements:

2009/10 £000		**2010/11 £000**
41	Cash held by the Authority	**40**
(2,640)	Bank Overdraft	**(5,611)**
-	Bank current accounts	**-**
16,810	Short-term deposits with building societies	**4,939**
14,211	**Total Cash and Cash Equivalents**	**(632)**

Note 51.11 – Amounts Reported for Resource and Allocation Decisions (Segmental Reporting)

The analysis of income and expenditure by service on the face of the Group Comprehensive Income and Expenditure Statement is that specified by the Best Value Accounting Code of Practice. However, decisions about resource allocation are taken by the decision making bodies of each entity on the basis of budget reports. These reports are prepared on a different basis from the accounting policies used in the financial statements.

In particular:

- No charges are made in relation to capital expenditure (whereas depreciation, revaluation and impairment losses are charged to services within the Group Comprehensive Income and Expenditure Statement)
- The cost of retirement benefits is based on cash flows (payment of employer's pensions contributions) rather than current service cost of benefits accrued in the year
- Expenditure on some support services is budgeted for centrally and not charged to (directorates).

2009/10 £000		**2010/11 £000**
216,157	Cost of Services – Angus Council (per Note 11)	**219,962**
	Cost of Services – Associates:	
9,863	- Tayside Joint Police Board	**(3,378)**
(273)	- Tayside Fire and Rescue Board	**(2,524)**
(47)	- Tayside Valuation Joint Board	**(347)**
	Cost of Services – Subsidiaries:	
164	- Common Good	**164**
41	- Charitable Trusts	**50**
225,905	Group Cost of Services	**213,927**
14,551	Add: Services not included in main analysis (Angus Council – per Note 11)	**(6,303)**
16,821	Add: Amounts not reported to management (Angus Council – per Note 11)	**(1,054)**
257,277	**Net Cost of Services in Group Comprehensive Income & Expenditure Statement**	**206,570**

Note 51.12 - Debtors (net of provisions)

2009/10 £000		**2010/11 £000**
21,004	Angus Council Debtors	**25,025**
9	Charitable Trusts Debtors	**21**
4	Common Good Fund Debtors	**4**
(258)	Intra Group Debtors	**(454)**
524	Tayside Contracts Debtors	**376**
21,283	**Total Group Debtors**	**24,972**

Note 51.13 - Short Term Investments

2009/10 £000		**2010/11 £000**
19,111	Angus Council Short Term Investments	**44,194**
72	Charitable Trusts Short Term Investments	**40**
19,183	**Total Group Short Term Investments**	**44,234**

Note 51.14 - Creditors

2009/10 £000		**2010/11 £000**
37,580	Angus Council Creditors	**41,090**
3	Charitable Trusts Creditors	**0**
(3,204)	Intra Group Creditors	**(4,525)**
3,703	Tayside Contracts Creditors	**3,658**
38,082	**Total Group Creditors**	**40,223**

Note 51.15 – Liability Related to Defined Benefit Pension Scheme

2009/10 £000		**2010/11 £000**
186,899	Angus Council – Pensions Liability	**102,625**
12,896	Tayside Contracts Joint Committee – Pensions Liability	**7,026**
199,795	**Total Group Pension Liability**	**109,651**

Note 51.16 - Grant Income

The Group credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2010/11:

2009/10				**2010/11**		
Angus Council £000	Group Entities £000	Total Group £000	**Credited to Taxation and Non Specific Grant Income**	**Angus Council £000**	**Group Entities £000**	**Total Group £000**
8,425	893	9,318	Scottish Government General Capital Grant	**3,933**	**893**	**4,826**
588	0	588	Scottish Government Specific Capital Grants	**1,270**	**0**	**1,270**
159,024	10,438	169,462	Scottish Government Revenue Grants	**167,183**	**9,152**	**176,335**
232	0	232	Other capital grants	**602**	**0**	**602**
520	10	530	Other capital contributions	**374**	**10**	**384**
168,789	**11,341**	**180,130**	**Total**	**173,362**	**10,055**	**183,417**

			Credited to Services			
577	0	577	Scottish Government General Capital Grant	**2,181**	**0**	**2,181**
-	0	0	Insurance Receipt	**2**	**0**	**2**
577	**0**	**577**	**Total**	**2,183**	**0**	**2,183**

Note 51.17 – Additional Disclosure

The aggregate of the: Valuation; Fire and Rescue; and Police Boards gross liabilities is 34% of the Group gross liabilities. In addition, the Police Board gross liabilities are 27% of the Group gross liabilities.

	Combined Boards		**Police Board**	
	2010/11 £000	2009/10 £000	**2010/11 £000**	2009/10 £000
Grants and Contributions Received	**14,053**	16,463	**8,540**	10,022
Surplus / (Deficit) for the Year	**4,443**	(7,924)	**3,504**	(6,549)
Fixed Assets	**22,042**	22,279	**15,430**	15,878
Current Assets	**4,145**	5,257	**3,690**	4,530
Liabilities Due Within One Year	**3,934**	3,842	**3,009**	2,892
Liabilities Due After One Year or More	**195,028**	222,400	**155,554**	176,634

The main liability due after more than one year is in relation to the obligation of each Board in respect of defined benefit pension schemes. The pension accounting requirements of Financial Reporting Standards (FRS 17) and International Accounting Standards (IAS 19) have been applied to the accounting statements.

Note 51.18 – Charitable Trusts Reserve

The Group Reserves on the Group Balance Sheet contains the reserve in respect of Charitable Trusts amounting to £1.976 million. This reserve is not freely available for general use as it is subject to restrictions for specified charitable purposes. The reserve is therefore ring-fenced within the Group Reserves.

Details of the make up of the Charitable Trust Reserve can be found within Note 45 of the single entity accounts, including:

- The gross expenditure, gross income and (surplus) / deficit in respect of the Income & Expenditure Account;
- The split of the Reserve balance between the Revenue and Capital Accounts; and
- Details of the assets and liabilities of the Charitable Trusts.

The following notes summarise the positions in respect of assets and liabilities, movements on the Revenue and Capital Accounts and the nature of the assets and liabilities held.

2009/10 £000	**Summary and Nature of Assets and Liabilities**	**2010/11 £000**
2	Fixed Assets – Heritable Property	**2**
	Long Term Investments:	
69	- Government Securities	**65**
792	- Managed Funds	**822**
1,148	Current Assets *	**1,087**
2,011	**Total Gross Assets**	**1,976**
3	Current Liabilities **	**0**
3	**Total Gross Liabilities**	**0**
2,008	**Total Net Assets**	**1,976**

* Current Assets comprise cash at bank, debtors due within 1 year and cash invested with the Council's Loans Fund

** Current Liabilities comprise creditors due within 1 year

2009/10 £000	**Summary of Revenue & Capital Account Movements**	**2010/11 £000**
500	Revenue Account Opening Balance	**459**
(41)	Increase / (Decrease) per Income & Expenditure Account	**(50)**
459	**Revenue Account Closing Balance**	**409**
1,363	Capital Account Opening Balance	**1,549**
71	Increase / (Decrease) from investment purchases / sales	**(13)**
115	Increase / (Decrease) from investment revaluation	**31**
1,549	**Capital Account Closing Balance**	**1,567**

Note 51.19 – Other Satellite Organisations

The following organisations have been excluded from the consolidated accounts on the basis that Angus Council's share of these organisations equates to both the following criteria:

a) the share of net assets is less than 1% of Angus Council's net assets; and
b) the share of net revenue expenditure is less than 1% of Angus Council's net revenue budget.

i) Tay Road Bridge
ii) Dundee Energy Recycling Ltd
iii) Tayside and Central Scotland Transport Partnership

In addition the following organisations were not consolidated on the basis that Angus Council would receive no future economic benefit or risk of loss:

i) Angus Community Care Charitable Trust
ii) Angus Environmental Trust
iii) Various other small organisations, which can also be viewed as not being material.

Note 51.20 – Audit of Group Entities

The outcome for the entities consolidated into Angus Council's Group Accounts is as follows:

Subsidiaries
Charitable Trusts – part of Angus Council's draft accounts (Note 45) – audit not yet complete
Common Good – part of Angus Council's draft accounts (Note 46) – audit not yet complete

Associates
Tayside Valuation Joint Board – draft accounts – audit not yet complete
Tayside Fire and Rescue Board – draft accounts – audit not yet complete
Tayside Joint Police Board – draft accounts – audit not yet complete

Jointly Controlled Entity
Tayside Contracts – draft accounts – audit not yet complete

In all of the above cases the audit opinion will determine whether the financial statements present fairly, in accordance with applicable laws, regulations and Codes of Practice, the financial position of the bodies concerned as at 31 March 2011 and their income and expenditure for the year ended: and the financial statements have been properly prepared in accordance with the Local Government (Scotland) Act 1973.